

EUROPEAN NEWS

Solidarity leaders may face exile

BY OUR FOREIGN STAFF

POLAND'S MILITARY Government is considering exiling to the West some former Solidarity free trade union leaders...

There is no place for Solidarity extremists in Poland, he told the ambassadors. But he did not indicate whether Mr Lech Walesa, the union's head...

Europe tries hard to close ranks with U.S.

BY JOHN WYLES IN BRUSSELS

AS FAR as most European Community Governments are concerned, one of the most disturbing consequences of the Polish military crackdown is that they should have been forced this week to devise a reaction...

The official Soviet news agency Tass yesterday sharply rebuked the EEC countries for their declaration of open interference in the country's affairs...



Bankers to meet on debts

By Peter Montagnon, Euromarkets Correspondent

A SMALL group of international bankers is to meet in London tomorrow for a further round of talks on Poland's debt problems.

West carried away on a wave of wishful thinking

Leslie Colitt gives his own view of events in Poland

AFTER SPENDING many weeks in Poland before and since the "Gdansk August" of 1980, I have concluded that Western assumptions about the country's future are largely based on wishful thinking.

Newspaper group's fate embroiled in P-2 probe

By Rupert Cornwell in Rome

THE ITALIAN Parliament's newly formed committee of inquiry into the P-2 affair is plunging in at the deep end. Its first hearing, scheduled today, will investigate the links between the ultra-secret Freemasons' lodge and the troubled Rizzoli-Corriere della Sera publishing group.



Sig Spadolini... under pressure

conversations late last year between Sig Tassan Din, who controls a vital 10.2 per cent of the group, and Sig Licio Gelli, the fugitive Grandmaster of P-2, now dissolved by law.

Basque businessman seized at gunpoint

BY ROBERT GRAHAM, IN MADRID

A BASQUE businessman, Sr Jose Lipperheide, was kidnapped from his home in a Bilbao suburb yesterday in a manner that bore the hallmarks of Eta, the militant separatist organisation.

Rise in French jobless

By David Housego in Paris

FRENCH unemployment continues to rise but the rate of increase has slowed considerably over the past two months.

Turkish coffee makes comeback and gives grounds for optimism

BY METIN MUNIR IN ANKARA

IF THE LIFE of the Turkish economic crisis, like that of J. Alfred Prutrock, is measured out with coffee spoons, it has ended. The ban on the import of coffee, introduced in 1978, when the country's severest economic crisis set in, was lifted yesterday.

Community aid for UK steelmen

By Giles Merritt in Brussels

AN EEC financial package worth almost \$50m has been awarded to Britain to help fund schemes for aiding redundant steelworkers.

Liberal Amsterdam struggles to stem rising tide of social problems

BY CHARLES BATCHELOR IN AMSTERDAM

AMSTERDAM, like the hippies it so enthusiastically welcomed in the 1960s, is showing signs of age. Long a magnet for the outcast, the liberal Dutch capital is fast reaching the limits of its ability to absorb newcomers.

great but we are facing problems with the second generation of immigrants. A half to three-quarters of the pupils in some schools come from minority groups.

Internal divisions within the Left-wing parties in Amsterdam particularly in the dominant Labour Party, paralysed decision-making, according to one senior Rotterdam official.



Two aspects of Amsterdam: tourist boats on tranquil canals (above) and water cannon of violent streets (top), as police clash with housing protesters.

Tripoli oil pipeline repairs start

By Ihsan Hijazi in Beirut
WORK is underway to repair the damaged pipeline carrying Iraqi crude oil to the Lebanese Mediterranean coast...



Col Hoare

against the five mercenaries, including the group's leader, Colonel Mike Hoare, who were released on bail last month after a brief court appearance...

Pretoria to charge mercenaries

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH AFRICAN authorities have unexpectedly reversed an earlier decision not to prosecute 40 of the 45 mercenaries involved in a coup attempt on the Indian Ocean island of Seychelles last November who hijacked an Indian airliner to Durban.

Cuban killed

South African security forces have killed one Cuban and captured another on the border between Namibia and Angola, a spokesman announced yesterday.

imprisonment. The seven were remanded in custody for two weeks.

The decision to prosecute the mercenaries in South Africa is understood to have been taken at the highest Government level. It appears to be a direct result of angry criticism both in South Africa and abroad against the release of the men days after their arrival in Durban on the Air India Boeing 707.

the coup attempt.

Government spokesmen at first shrugged off the critics. In a memorable comment, the Minister of Police, Mr Louis le Grange, said that the mercenaries "only shot out some windows and ran around the bush."

Most of the men appeared in courts in Durban, Pretoria, Johannesburg and Cape Town yesterday. They will appear together in a Durban court on January 15 when a date for their trial will be set.

Foreign investment in Ghana to be 're-examined'

BY QUENTIN PEEL, AFRICA EDITOR

FOREIGN INVESTMENTS in Ghana are to be "re-examined" by the country's Provisional National Defence Council in the wake of the New Year's Eve military coup.

of the events surrounding the coup started to emerge from businessmen, diplomats and Ghanaians who have fled to neighbouring Lome.

In a speech broadcast by the radio—Lt. Rawlings said the PNDC would take a fresh look at foreign investment in Ghana "with a view to maintaining the national sovereignty and interests" of the country.

the "immediate task" of the new government.

The disorganised and haphazard nature of the coup has been emphasised by first eyewitness accounts. According to one report, it was started by a handful of disgruntled former members of the Recce Regiment.

winning active support from the men.

It was only when the men reached the air force base, and announced that they were backed by Ft-Lt Rawlings, that they won some supporters, according to this account.

It seems unlikely now that there will be any counter-coup. Although senior officers in the armed forces are reported to be unhappy with the coup, it is believed there is considerable support for Ft-Lt Rawlings among the junior officers.

Army chiefs protest

Bangladesh Army Chief of Staff Lt Gen H. M. Ershad has said that the National Security Council formed by the Government last week "is not acceptable to us as it will not meet our demands and aspirations."

Land reform troubles hungry Ethiopia

By James Burxon, recently in Addis Ababa

THE GREAT justification of the Ethiopian revolution was the terrible backwardness and poverty in which all but a small, mainly urban, minority of its 31m people were living.

The bright spot is the vigorous attempt the Government is making at development on a communal, self-help basis. Less encouraging, however, is the shaky performance of the enlarged state sector and Ethiopia's problems in trying to attract the foreign aid it needs for a large scale development.

The disappearance of the landlords meant that farmers no longer had to pay rent. That reduced their need to produce a surplus for market, which was compounded by the

Church officials accused

Ethiopian Foreign Minister Feleke Gedde-Giorgis has accused Lutheran church officials of gun-running and smuggling ivory and has said that an Ethiopian Evangelical church headquarters had produced anti-Government leaflets.

inadequate price which the new state marketing concerns were offering. Many farmers grow as much as before, but eat more of it themselves.

Government planners admit that Ethiopia needs more than self-help and cash solutions. It requires a large scale development programme to expand the transport system, create new industries and large scale agriculture for export.

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Every potential aid donor will be impressed by the regime's commitment to development, by the efficiency of certain parts of the Ethiopian state sector—Ethiopian Airlines is one of the best-run airlines outside Europe and North America—and by the Government's financial prudence.

But the aid donor will also notice a great shortage of skilled manpower and inefficient use of much available talent, thanks to the nationalisation of businesses and the fact that some technocrats are still in prison.

Indonesian development spending up by 35%

By Richard Cowper in Jakarta

INDONESIA HAS unveiled what is likely to be regarded by the man in the street as a fairly unpopular draft budget. Economists, however, have praised it as a brave attempt to limit personal consumption while maintaining the country's high level of economic growth during a worldwide recession.

President Suharto's budget plan projects a 12 per cent increase in Government revenue to \$21.5bn from \$19.2bn in 1981-82. This increase plus a 7 per cent cut in current expenditure will be poured into the development budget, which was increased by 35 per cent to \$13.5bn from \$10bn in 1981-82.

To finance the development spending, President Suharto has decided to cut food and fuel subsidies by 40 per cent and to impose a salary cut in real terms on 2m civil servants.

The budget was undoubtedly a victory for the largely Western-trained technocrats who head economic ministries. Along with the World Bank and other Western economists they had advised the President that the soaring subsidies on domestic fuel were encouraging a wasteful use of the country's most precious natural resource.

Tension mounts in Assam

By K. K. Sharma in New Delhi

TENSION MOUNTED in the oil-producing state of Assam in north-east India yesterday when nearly 400 people were arrested for defying a ban on meetings and a number of shops and businesses remained closed.

There are fears that the movement will spread to Assam's oilfields and refineries as well as its lucrative tea gardens. This would seriously impair the Indian economy which is just recovering from the drought and the Assam disturbances of 1978.

The students started demonstrating about two months ago when talks with the Government broke down. They have threatened to escalate the agitation.

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Vertical text on the far left edge of the page, including 'Newspaper group's fate embroiled in 2-2 probe' and 'Items'.

AMERICAN NEWS

WORLD TRADE NEWS

Year of volatile interest rates forecast for U.S.

BY DAVID LASCELLES IN NEW YORK

THIS YEAR will be a year of volatile and rising U.S. interest rates because of huge credit demands from Government and business.



Dr. Kaufman: depressing effect on the market.

Dr. Kaufman's predictions, always the most widely watched on Wall Street, immediately had a depressing effect on the stock and bond markets even though they differed little from the consistently gloomy view he has taken for some time.

But unlike previous years when he confidently predicted, usually correctly, that interest rates would set new records.

will grow by \$50bn to \$468.4bn, and much of the increase will be financed by direct household investment, mainly through the money market funds.

Japan sets deadline for Bandar Khomeini

By Charles Smith, Far East Editor, in Tokyo

Japan's Mitsui group has set January 6 as the deadline for Iran to declare its intention to shoulder the additional costs of the ill-starred Bandar Khomeini petrochemical project.

The Mitsui group has been demanding since last summer that the basic contract under which Japan and Iran shoulder equal portions of the cost be re-written in view of delays and damage caused by the Iran-Iraq war.

INCREASE OF 10% FORECAST FOR THIS YEAR Rise expected in U.S. coal exports

BY MARTIN DICKSON, ENERGY CORRESPONDENT

U.S. COAL exports are expected to rise by 10 per cent this year compared with 1981, according to a forecast from the Washington-based National Coal Association, the industry's umbrella body.

to Canada and 78.3m tonnes to other countries. This compares with estimated exports of 85.5m tonnes in 1981, of which 13.5m tonnes went to Canada and 72m tonnes elsewhere.

Metallurgical coal, used by the steel industry, will account for 52.2m tonnes of the total, with 6.3m tonnes of that going to Canada. This compares with exports of 48.6m tonnes in 1981.

political upheavals have cut production. The NCA estimates that U.S. domestic coal consumption in 1982 will reach a record 684m tonnes, a rise of 4.6 per cent on last year.

The estimate, which is broadly in line with private U.S. analysts' expectations, comes despite a slackening in the growth of European coal demand because of the recession.

The NCA estimates that 1982 exports will total 94.5m tonnes, of which 16.2m tonnes will go to Canada and 78.3m tonnes to other countries.

Some 10m tonnes of this will go to Canada. International trade in steam coal is poised for a major expansion over the next 20 years as industry switches from oil firing. Growth is slower than was being forecast a year ago, but U.S. steam coal exports (excluding Canada) have risen from virtually nil in 1978 to 2.25m tonnes in 1979, 14.4m tonnes in 1980 and nearly 28m tonnes last year.

U.S. coal production, depressed by a 72-day miners' strike last year, will rise by 10 per cent to 797m tonnes in 1982, the NCA says.

Bleak years ahead, shipbuilders are told

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE U.S. shipbuilding industry faces a few bleak years as more yards become idle and thousands of skilled workers lose their jobs.

90,000 workers are employed in U.S. yards. After the end of 1982, only eight vessels will remain to be delivered," he added.

on the industry could not be denied. The added Nor would seek to expand the U.S. Navy come early enough to reverse the decline in yard capacity.

In the last 10 years, with \$50m more planned. A few weeks ago, the Ardzale yard in Louisiana launched the President Lincoln, a largest container ship to be built in the U.S. This is part of a \$270m contract for three vessels with American President Lines.

Court blow to fundamentalists

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE GROWING tide of right-wing fundamentalism in the U.S. was stemmed, at least temporarily, yesterday by a federal judge in Little Rock, Arkansas.

Judge William Overton ruled that the state's "creation science" law, pushed through by religious fundamentalists last summer, violated the provision in the U.S. Constitution banning religious teaching in schools in the public education system.

teacher was convicted under a Tennessee state law forbidding the teaching of Darwin's theory of evolution.

After a nine-day court case last month, widely regarded here as an historic confrontation between science and religion, Judge Overton ruled that creationism was not a science, as its advocates had maintained, but merely the Book of Genesis in disguise.

The trial drew frequent comparisons with the famous Scopes case of 1925, in which a biology

The Arkansas law was pushed through by a junior state Senator with no more than 15 minutes' debate. Governor Frank White signed it into law without even reading it.

Joint venture for Chiyoda and Badger

Badger of the U.S. have received a letter of intent from New Zealand Refining on the award of a \$280m refinery contract, writes Our Far East Editor in Tokyo.

The contract would be the first to be carried out jointly by Chiyoda and Badger. However, Chiyoda has experience of working with international partners in other markets.

Swaziland to build rail link

BY BERNARD SIMON IN JOHANNESBURG

SWAZILAND is to increase its economic dependence on South Africa by building a rail link that will run through its territory into the eastern Transvaal and to the port of Richards Bay, north of Durban.

in 1984. Financing arrangements have not been finalised, but the South African Government is understood to be willing to contribute part of the cost.

should eliminate the railways' operating deficit and help it repay loans for construction of the southern part of the Richards Bay route, completed several years ago.

The 115 km line, from the South African town of Komatipoort to Mphahlele in eastern Swaziland, will complete a rail route from the Transvaal to the Natal coast 250 km shorter than the existing route through South Africa.

The main beneficiaries of the line will be South African exporters of phosphoric acid and phosphate rock produced at Phalaborwa in the north-east Transvaal, and timber growers. Coal from a mine to be built in the Kangwane tribal homeland close to the Swaz border will also be shipped by rail via Mphahlele.

The line will also serve Swaziland's coal mining industry. A Shell Oil subsidiary has shown interest in exploiting coal deposits near Mhlumane in north-east Swaziland. The new line will cross the Mhlumane coalfield, giving a mine the choice of exporting through Richards Bay or Maputo.

Beira-Umtali oil pipeline ready

BY OUR SALISBURY CORRESPONDENT

THE OIL pipeline from Mozambique's Indian Ocean port of Beira to the eastern Zimbabwe border city of Umtali is ready for operation after lying dormant for 15 years, according to businessmen.

They say the 180-mile pipeline, crucial to Zimbabwe's plans to end dependence on South African roads and railways for fuel supplies, is awaiting a tripartite tariff agreement between its owners. Lorrho, and the Salisbury and Maputo Governments.

tion of trade sanctions against the former Rhodesia in 1965 was recently delayed by guerrilla sabotage by the Mozambique National Resistance (MNR) which Mozambique and Zimbabwe allege is organised and financed by South Africa.

Solvay to alter supply agreements

By Giles Merritt in Brussels

SOLVAY, the Belgian chemicals concern and the world's top producer of soda ash, has agreed to European Commission demands that it should alter its supply agreements with EEC glass manufacturers.

The Brussels Commission's pressure on the two major soda ash producers stems from concern that their exclusive, long-term supply contracts with certain glass manufacturers were in breach of the competition rules of the Treaty of Rome.

The Commission's action also reflects complaints from the glass industry that the exclusive soda ash contracts tied manufacturers to a sole source of supply, and prevented them from obtaining additional supplies elsewhere when those were needed to boost output and fulfil orders.

Drop in appliance sales leaves thousands jobless

NEW YORK — A sudden drop in sales of home appliances has thrown thousands of Americans out of work in recent weeks as the industry suffers from the impact of the recession.

Analysts said yesterday that the immediate outlook was gloomy for makers of washing machines, refrigerators, and other large appliances.

Tass points finger at 'scandals'

The resignation of Mr Richard Allen as President Reagan's National Security Adviser was a sign of corruption and discord in the Administration, the Soviet news agency, Tass, said yesterday, AP reports from Moscow.

The commentary also noted published reports of differences between Mr Allen and Mr Alexander Haig, the U.S. Secretary of State.

Explosions rock San Salvador

SAN SALVADOR — A dozen explosions rocked San Salvador's capital and surrounding communities on Monday night, destroying a supermarket, the home of two Supreme Court justices and other buildings.

Two explosions wrecked a state-run low-cost housing credit agency and a Volkswagen agency 30 yards from the U.S. embassy.

Petrol use declines

The U.S. Energy Department estimates that petroleum consumption will fall by 0.7 per cent in 1982 after a 4.3 per cent decline in 1981, Reuter reports from Washington. In its short term energy outlook, the department says that heating oil supplies should be adequate during the current winter.

Canadian bankruptcies

There were 49 per cent more business bankruptcies in Canada in November than in the corresponding month last year, the Federal Office of Bankruptcy reported yesterday, Victor Mackie report from Ottawa.

Evan Luard argues that the International Monetary Fund should apply altered criteria for credits to Third World countries

IMF loan conditions: The case for income redistribution

ALMOST since the International Monetary Fund (IMF) began, there has been argument about "conditionality"—the terms the Fund should demand in return for providing credit.

In the past few years these complaints have become more widespread and received some support in the West. In the circumstances which poor countries now face, the traditional analysis looks increasingly inadequate.

The Fund still calls for measures of "adjustment" as the price for a loan, but these are now adjustments of a more long-term character, including the development of alternative energy sources, new exports and import-saving industries.

conditionality has surfaced again. No sensible person believes that the IMF any more than any other financial institution, is likely to lend without demanding any conditions.

being called for again by the U.S. are unlikely to bring lasting improvements by themselves alone. Policies against inflation are bound to be demanded. But equally relevant, and particularly relevant when an anti-inflationary policy is being pursued, is another condition, which the Fund has been too reluctant to call for: a demand for the redistribution of income in favour of the less wealthy classes.

This would have two effects. First: It would reduce the propensity to import, especially to import expensive consumer goods. Consumer demand would be transferred towards the purchase of food, so helping to raise producer prices and stimulate food production, and towards the purchase of simpler and cheaper consumer goods which local industry can provide and which therefore do not create a strain on the balance of payments.

ment in simpler industries related to domestic requirements and likely to come from domestic sources—instead of stimulating external payment concerned mainly with the needs of external economies and requiring heavy repayment costs.

Table with 2 columns: Member Country, SDRs* (millions of). Rows include Bangladesh (122), China (510), Egypt (194), India (529), Morocco (110), Pakistan (230), Philippines (151), Sri Lanka (96), Thailand (131), and Zaïre (119).

* The SDR (Special Drawing Right) is the IMF's international reserve asset based on a basket of currencies; one SDR is currently worth \$1.17. Source: IMF, annual report 1981



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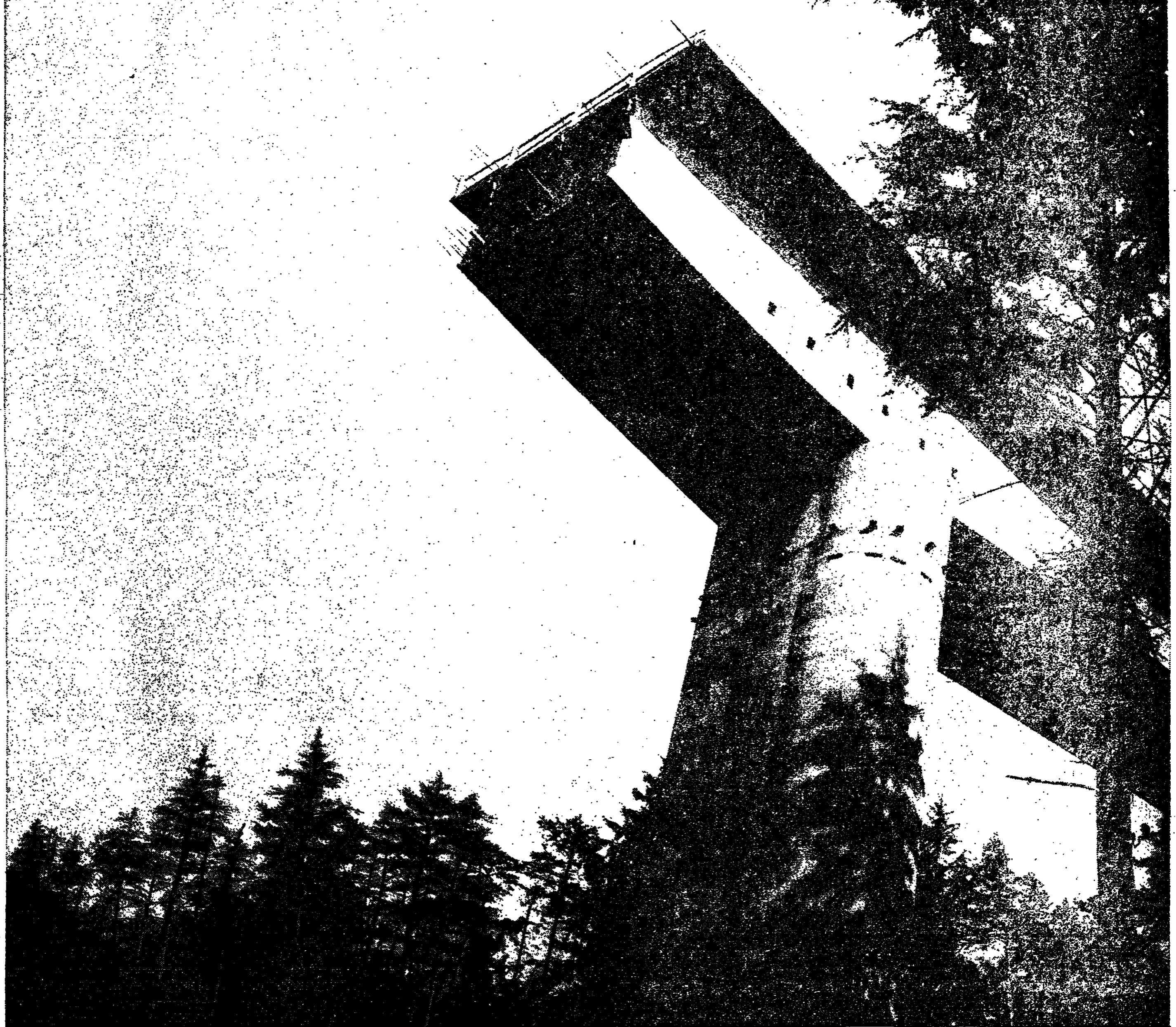
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EXPORTS

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What happens to your overseas contract if the money runs out?



In many overseas markets public and private capital expenditure is being cut back.

And where the axe falls on a project such as a highway or an airport, it could easily mean financial hardship for several companies along the line. Including some of our exporters.

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Today, the Export Credits Guarantee Department is paying out more and more on bad debts, not only from politically shaky countries, but from traditionally stable ones as well.

Recently a British engineering firm supplied construction equipment to a customer in the Middle East.

But the customer fell victim to circumstance since the orders for the plant he had received were suddenly cancelled. This meant that he in turn had to let down his own suppliers when payment fell due.

Fortunately, the British firm had covered itself with ECGD, and was reimbursed to the tune of 90% of its losses.

ECGD offers a full credit insurance service which covers you for non-payment on exports of goods or services, worldwide - no matter whether it's the customer or the country that fails.

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For example, ECGD can also open up sources of cheap export finance, by giving cover direct to a financing bank.

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Call Joan Swailes on 01-606 6699, or contact one of our regional offices in Glasgow, Manchester, Belfast, Birmingham, Leeds, Cambridge, Bristol, Croydon or City of London.

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UK NEWS

Navy redundancy plan

MORE THAN five hundred officers and senior ratings are being offered financial inducements to leave the Royal Navy...

Destroyers will be sold as scrap unless buyers are found soon

THE ROYAL NAVY must dispose of 20 destroyers and frigates in the next two years but so far buyers have been found for only three of the ships...

Ken Livingstone criticised over U.S. fire tour

MR. KEN LIVINGSTONE, Greater London Council leader, was criticised yesterday for wasting thousands of pounds of ratepayers' money on a U.S. tour...

Police Federation chief may be urged to stay

MR ALAN WRIGHT, chairman of the Northern Ireland Police Federation, may be urged to reconsider his decision to resign...

Salem insurers to challenge ruling

THE SAGA of the Salem, the tanker scuttled off the West African coast after secretly discharging its cargo in South Africa...

CONTRACTS

£7m home defence order for Pye

Pyre Telecommunications has won a Ministry of Defence contract, valued at £7m, to upgrade the U.K.'s home defence communications system...

LABOUR

Water staff reject 9.1% offer in local ballot

WATER WORKERS in Wales and the West Country belonging to the National Union of Public Employees, the industry's second-largest union, have rejected the water authorities' 9.1 per cent pay offer...

Dispute hits ferries at Newhaven

THE OCCUPATION of Sealink UK's Newhaven-Dieppe ferry, the Senlac, continued yesterday halting all passenger and vehicle ferry services between the two ports...

Cowley men face 'tea break' cut

COWLEY is facing a version of the "tea break" row which cost £1,000m at Longbridge. Austin Morris has given the union at the assembly plant five days' notice of its intention to reduce relief times by 10 minutes each day...

Gibraltar trip

SENIOR OFFICIALS of the Transport and General Workers' Union will fly to Gibraltar on Friday to report that the UK Government has not yet responded to a request for meetings with a delegation of colony's unions on plans to close the naval dockyards there...

Pit strike could cut jobs, warns Ezra

MINERS were yesterday warned they may face unemployment if they vote for strike action in the national ballot next week. Sir Derek Ezra, chairman of the National Coal Board, said during a visit to Swansea that a strike vote could force the NCB to make further cuts in our investment programme...

Bank union to propose 15% pay claim

THE Banking, Insurance and Finance Union (Bifu) yesterday decided to submit a 15 per cent pay claim in the political-sensitive national negotiations for clerical staff in the English clearing banks...

Militants embarrass rail union

THE NEW executive committee of British Rail's largest union, the National Union of Railwaymen, meets for the first time today and is faced with industrial disruption by the train drivers' union, Aslef, and an embarrassing internal political wrangle...

TUC action awaited on Aslef ban

BY PHILIP BASSETT and LYNN McLAIN BRITISH RAIL and leaders of Aslef, the train drivers' union, are awaiting formal TUC intervention in their pay and productivity dispute following informal soundings made by Mr Len Murray, TUC general secretary...

The board has continued to stress, however, that it cannot afford to increase the offer, and will not raise fuel prices to fund a higher settlement. This places the onus on the Government to relax the NCB cash limits...

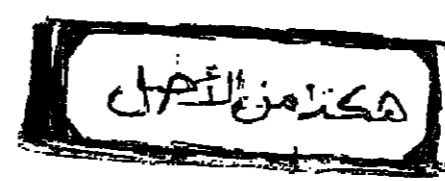
of the staff. The settlement date is April 1. The unions are aware that they face difficult negotiations. The bank chairmen will also meet tomorrow, and are likely to meet the federated union...

members of the inquiry makes such action unlikely. The inquiry was set in motion after Mr Weighell issued a confidential circular last year calling for further information on literature seeking to influence NUR policy which was "entirely unauthorised"...

Advertisement for COMPAGNIE FRANCAISE D'ETUDES ET DE CONSTRUCTION "TECHNIP". Includes logo and text: "K.D. 5,500,000 Short Term Credit Facility".

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Advertisement for Sold Services, featuring a logo and text: "Sold Services".



THE MANAGEMENT PAGE

Why ITT finds that being big is not big enough

Ian Hargreaves, in a second article on the U.S. conglomerate, examines the prospects for its core telecommunications business

INTERNATIONAL Telephone and Telegraph has a couple of big problems in its core business of telecommunications. One of them is that the company is too small.

This may seem an odd remark to make about an activity that in 1980 generated \$7bn of ITT's total group sales of \$23.9bn and gave what is the world's largest industrial conglomerate about 9 per cent of the world market in telecommunications equipment.

But it is true in the sense that, unlike its major competitors — such as Sweden's Ericsson, West Germany's Siemens, Western Electric of the U.S., and Nippon Electric of Japan — ITT does not have a single market in which it can claim natural dominance.

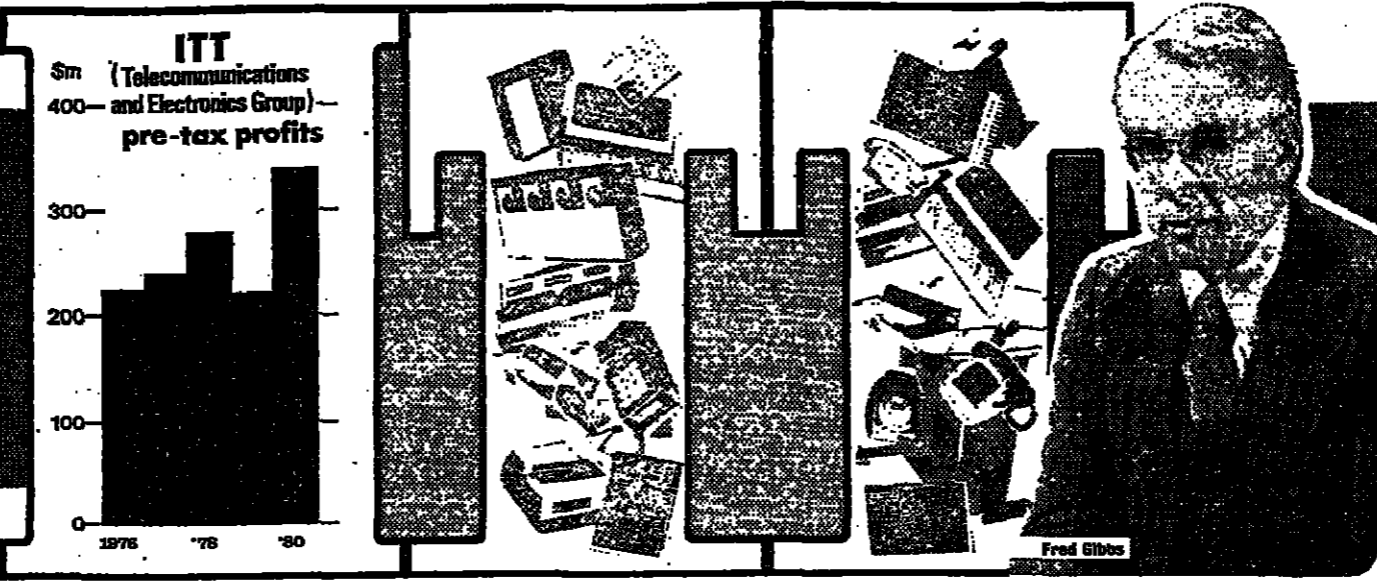
That leads to ITT's second big problem: how do you formulate one strategy to fit three quite different market positions and, moreover, how do you do it and at the same time make sense of the broader opportunities created by the convergence of telecomm and computer technology.

The fragments are: Europe. Here at least, intentions are clear. ITT believes it can hang on to its traditional market share in the major European markets (30 per cent in Italy, 25 per cent in West Germany, 16 per cent in France, 65 per cent in Spain and 75 per cent in Belgium — in Britain, ITT has a share in British Telecom's rival System X switch) by selling its electronic digital system 12-40 switch, which it is developing at a cost of over \$1bn.

Disjointed

However, this belief must be gauged in the light of the difficulties ITT has experienced in trying to catch up in the market for advanced electronic exchanges and which highlight vividly the problems associated with being a widely spread international group. Its efforts have been disjointed and have led to two of ITT's largest European subsidiaries becoming committed to two different systems which may well compete on the world market in future years.

The most striking example of this fragmentation of effort is the commitment of Standard Telephone and Cables, ITT's UK offshoot, to System X rather than ITT's own System 12. STC is one of three companies involved in the development of the system for British Telecom. The other two are General Electric Company and Plessey.



The fragmentation that has been as much in evidence in ITT's telecommunications activities as in the group as a whole has presented Fred Gibbs, head of this part of the conglomerate's business with a number of dilemmas. The independence given to overseas subsidiaries, particularly in Europe, has at times resulted in product development programmes running along

separate lines with different versions of the same product emerging and, even more extreme, the UK subsidiary committing itself to a product rivaling that developed elsewhere in the group. Now, while trying to establish greater cohesion, the telecommunications business is beginning to find itself more exposed to competitive forces in some traditional markets.

normal one third share of the Austrian market only if it can get a deal to build a Siemens switch under licence. There is widespread agreement among informed observers, however, that System 12-40 is as good a switch as any on the market, although its special distributed logic feature, which permits a customer to buy switching power gradually in add-on modules, has yet to prove itself in terms of market appeal.

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Dominant

But Gibbs is confident. He forecasts that by 1985 ITT will be selling 6.24m lines a year, of which 3.75m will be the System 12 family. He also rejects the argument that ITT's number two role in Europe is a weakness. "For a multinational, I think it is better to be number two than it is to be number one."

He does not believe that the gradual French takeover of ITT's telecomms business in that country (the final 16 per cent is about to be nationalised) would have happened had ITT not been the dominant company in the early 1970s.

Electric, is positioning itself for a major assault on the U.S. switch market, thus providing the key to a solidly profitable base for its other telecom equipment sales in the U.S., which range from telegraph poles to telephone handsets and PABXs. Essentially, ITT has to sell System 12 to AT and T.

Today, Rand Araskog, ITT's chairman, is very blunt on this subject. "I don't think we are going to sell major systems to them unless there is legislation." The deregulation legislation now before the House of Representatives includes a provision to force AT and T to buy 30 per cent of its supplies from outside its own group companies. But a Senate version of the bill is silent on this subject.

If ITT does not get its way, says Araskog, he considers the U.S. market "very dubious." At present Western Electric makes 90 per cent of AT and T's switches and the other major phone companies — apart from AT and T — like GTE, also have their own in-house supplier.

At the same time as Araskog says these things, however, his engineers are working to upgrade a less sophisticated version of System 12, the 12-10, developed at North Electric, to 12-40 standards. Financially, that cannot be justified just for

North Electric's business, 60 per cent of which is still with its old parent, United Telecomms. Other markets: ITT will continue to export about 25 per cent of its European switches to third markets and will also continue to form joint ventures in larger developing world markets, such as South Korea, and Taiwan.

When it comes to communications services, ITT's base for action is ITT Worldcom, the leading U.S. international telex carrier, with 35 per cent of the market.

That base has already been expanded, as deregulation occurs, to take in inland U.S. telex services, trunk telephone services and eventually, says George Knapp, head of Worldcom, international voice traffic. Knapp thinks that international voice (now an AT and T monopoly) will be deregulated and that because of its already strong ties with the European telephone companies, ITT is a natural number two in this market, perhaps as a common carrier for some of the other, smaller telephone companies, such as MCI.

Worldcom, says Knapp, is also working hard on the technology of connecting compatible streams of computer language and solving other problems. This, he says, is vital to the

development of high margins services, as opposed to simple common carrier functions. But Worldcom, even in its dramatically expanded form, is only part of ITT's thinking about communications services.

Araskog has recently appointed Robert Braverman to head a group which is designed to draw together the strengths of Worldcom, ITT's publishing interests (which include phone directory yellow pages, Who's Who and other books) and its vocational training services.

Braverman sees ITT becoming a kind of communications master-contractor, building up ownership of, or access to, vast data bases and transmitting the goods to customers on ITT lines. Eventually, he says, ITT could, for example, be running the entire communications function of other companies.

ITT says Braverman, is probably the only company in the world able to offer a mix of central office switching (main public exchange) equipment, telephone hardware, maintenance, data bases, training and access to its own international communications network.

The obvious missing piece in all this, however, is data processing. ITT sells home computers manufactured by a West German company in Europe (it used to sell Apples, until it fell out with the Californian company) and tucked away in Europe it has a collection of companies which together form the tenth largest semiconductor business in the world. But so far, ITT has fought shy of computers and of the kind of equipment that will be needed for communications within the electronic office, downstream from the PABX, in cases where the PABX is the nerve centre.

Having seen the consequences of the disastrous efforts by Northern Telecom, Canada's leading manufacturer of public telecommunications equipment, to break into the electronic office, ITT is not about to follow suit. But there is little doubt that telecommunications, the bedrock upon which Harold Gene built his conglomerate, will be there at the base of ITT for a long time to come. That is something which cannot be said with certainty for any other part of ITT.

What ITT has now to build on

Expertise

"We are not going to duck the data processing field out of any fear of it," says Araskog, who, in 1978, concluded a serious hunt for a manufacturer of computers. One of the companies he looked at, although never talked to, was Wang Laboratories. "It would take something like that to be attractive to us as opposed to building on what we have now," he says.

BOARDROOM BALLADS This week's poem on foreign competitors will appear on Friday.

EDUCATIONAL PUBLIC NOTICES

HANDCROSS PARK SCHOOL THE GOVERNORS OFFER UP TO THREE ENTRANCE SCHOLARSHIPS TENABLE FROM SEPTEMBER 1982

CLUBS EVE has notified the others because of a policy of fair play and value for money. Supper from 10.30-11.30 pm. Disco and top music 11.30-1.30 am.

THEATRES TALK OF THE TOWN. CC 01-734 5051. For reservations or on entry - London's finest night club. From 8 pm. 5 HOURS OF TOP ENTERTAINMENT. THE TALK OF THE TOWN. GALT. HARRIS. REID. 9.30 pm. ANITA HARRIS (11 pm). Doreen Blocher. 3.45 pm.

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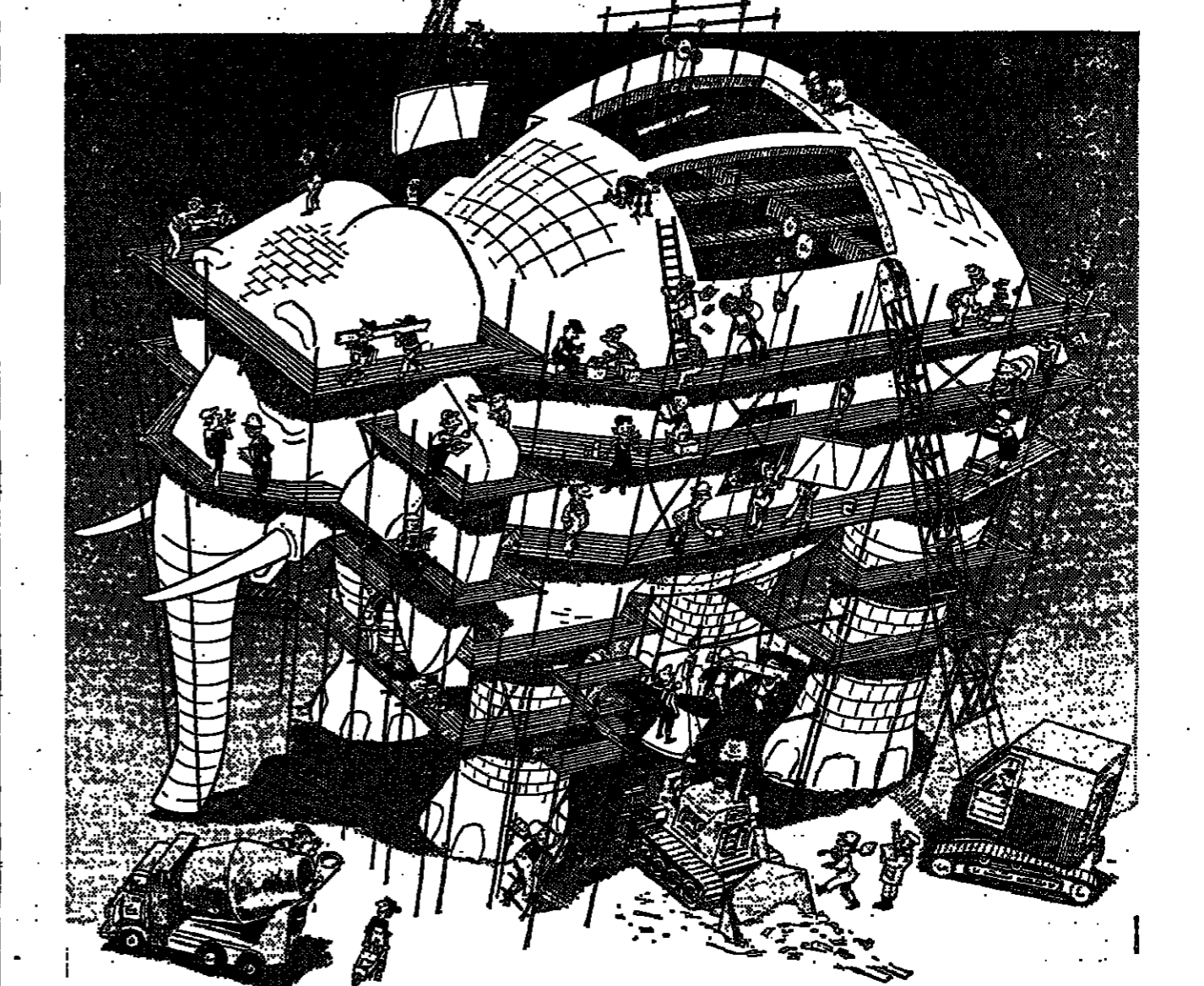
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LIMLEY GAZALET. 24, Davis St., W1. 499 5052. Original Prints by Modern Masters. Also Young Print Makers.

COMPANY NOTICES

NIGERIA The Balfour Beatty Associate Company James Kilpatrick (Nigeria) Limited, has changed its name to Balfour Beatty Construction Company Limited as part of its move into multi-discipline activities in Nigeria.

BOAT SHOW 1982 EARLS COURT Until 17th January Come and enjoy this super display of racing and cruising yachts, motor sailers, cabin cruisers, inflatables, runabouts, matchalls, holidays afloat and even something for the angler!



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THE ARTS

Chris Dunkley looks back at television, 1981

A rich summer

Only an insouciant polymath with two video recorders could legitimately offer a single, senseless assessment to cover the role of television for 1981. Conclusions such as "It was a great/average/poor year" become more and more suspect. Not only does television now transmit such a quantity of material that it is impossible for one person even to be sure of seeing all the highlights, but in contrast to the theatre, cinema, and concert hall, the huge variety of material conveyed via this medium is such that any single conclusion must almost inevitably be wrong for some parts of the output.



Anthony Andrews and Jeremy Irons in Brideshead Revisited

BBC2 only managed to sustain and somehow organise the raw talent which was sometimes bursting out of London's Comic Strip, sometimes collapsing in it. They could have made the year's freshest comic series but after one episode Boom Boom Out Go The Lights simply disappeared.

Punch and Judy

by DOMINIC GILL



Omar Ebrahim

Expanding his scheme already flourishing in Zurich, David Freeman has brought a branch of the "Opera Factory" to London: an experimental opera ensemble, working under the "umbrella" of the English National Opera, and on shoestring budgets, which will seek the luxury of being able to question many of the assumptions about opera and its role in society which a large company, because of its very size, can afford neither the time nor the money to do.

the movement, the colour and contrast is contained, densely and unrelentingly, in the score. Brassy brass, percussive snatches of music, cry out in heart-break; strings and reeds fight with conflict. In the whole of Punch's one hour and 45 minutes there is not, even where a sudden mirage of lyrical tenderness, vanishing like smoke, would try to persuade us otherwise, a single moment of relaxation or rest.

Purcell Room

PLG Young Artists

The Park Lane Group's week of recitals wedding young performers to 20th-century music has become one of the more welcome fixtures in the concert calendar of the early new year.

paradoxically reserved for Swayne's Canto, stimulating much more, but ultimately quite empty and pointless. Paul Barritt's studied performances were lavished on music that benefited from such genuine precision: Webern's minuscule Four Pieces Op. 7 and Stravinsky's Duo Concertante. He was also allotted a piece by Giles Swayne—the Duo for violin and piano, less banal than the clarinet work, and sustaining a convincing structural plan—but he included as well Judith Weir's Music for 247 strings, tricky little miniatures (10 of them), lasting around a minute each, largely made up of rhythmic unisons between violin and piano and belatedly introducing some disjunctions. They are charming in their own way, without any claims to profundity or technical sophistication.

The Butler Did It

by B. A. YOUNG

The four potential heirs to the fortune of an international ballet star spend the night in his haunted house, Fargue Hall. They are called Major Catagrophe, Miss Tack, Ivor Smallpiece, and Rick Slick. There is another uncredited character in the company, a ghost. As the play is a whodunit, the intrusion of an uncredited character,

even a ghost, can hardly be called fair play. Nor is it made more attractive by having every death, or apparent death, marked with the appearance on the stage of a jock-strap. But as the play is rubbish from beginning to end, this is as acceptable as anything else. Richard and Laura Boublil wrote the script and the lyrics. They also take two of the parts. Bob Sellins wrote the tunes. Maurice Lane is the director. The only acting that looks like anything but rag week at a bad university is by Billy Hartman as a private detective. At the end of Act I he says: "Should anyone wish to leave, now is the time to do so." The temptation was almost irresistible.

THEATRES section containing listings for various theatres such as Apollo Victoria, Cambridge Theatre, and others, including show titles and times.

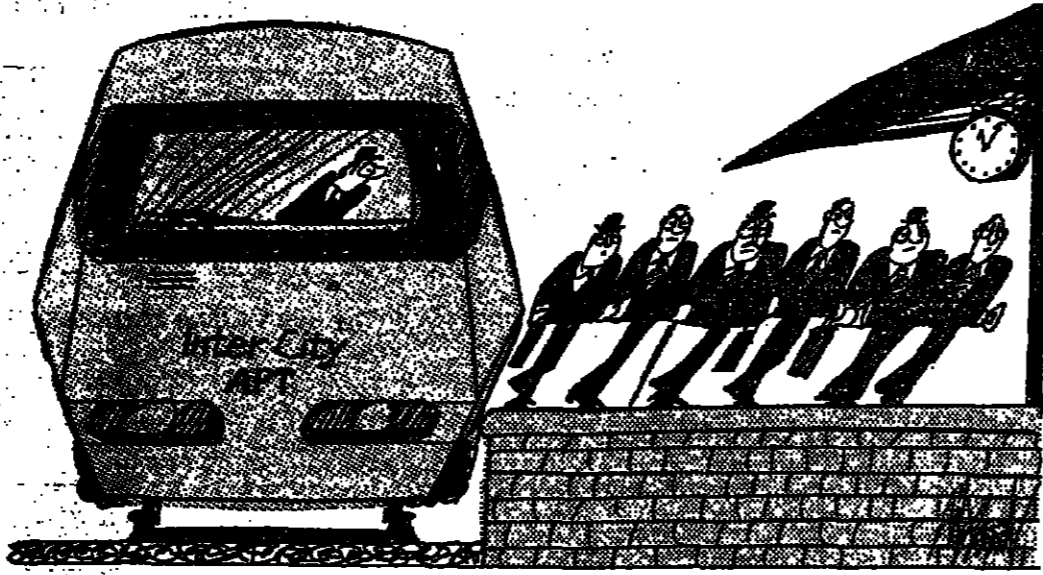
FINANCIAL TIMES section containing financial news, market reports, and company announcements.

F.T. CROSSWORD PUZZLE No. 4764 section containing crossword puzzle clues and solutions.

TRAIN OF THE FUTURE

Tilting into trouble

By Lynton McLain, Transport Correspondent



Clearly showing the symptoms of under-development which have become the main hallmark of the whole project...

BRITISH RAIL'S much vaunted 155 miles an hour advanced passenger train was to have started running again with passengers next Monday after its disastrous public debut last month...

BRITAIN is not alone in suffering the effects of economic recession. Since 1973, growth in all member-countries of the European Community has slowed considerably...

Why oil prices must remain high. demand, so preventing any physical energy constraint materialising. The present oil glut—and the downward drift in prices—is entirely due to the low level of economic activity...

Letters to the Editor

Immunity clause in Lloyd's Bill. From the Chairman, Lloyd's. Sir, I read with interest your leading article of January 5 entitled 'Tying up the Lloyd's Bill'...

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COMPANY NOTICES INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN AMORTISATION OF £100,000 OF FEBRUARY 5, 1982

RESIDENTIAL PROPERTY FOREIGNERS can buy apartments on LAKE GENEVA, in Montreux near Lausanne...

AMERICAN EXECUTIVES seek luxury furnished flats or houses up to £550 per week. Usual fees required. Phillips & Lewis 01-839 2245

UK COMPANY NEWS

Pleasurama improvement blunted by Gaming Tax

ALTHOUGH PRE-TAX profits of Pleasurama, the entertainment and amusement concern, improved from £1.6m to £5.5m, Mr George Martin, the managing director, says the profits would have been some £50,000 higher had it not been for the new Gaming Tax.

£2.7m to £2.7m, with associates' share rising from £1m to £1.2m. After minorities of £20,000 (£28,000), attributable profits were £2.7m compared with £2.2m. Stated earnings per 5p share rose from 33.5p to 42.9p.

The group opened three new casinos during the year and acquired one other. Mr Martin says he believes there are opportunities to buy more provincial casinos, and the group is still interested in expanding in London.

Investment Co. revenue ahead midway

After tax of £22,946, compared with £99,929, revenue of the Investment Company came out ahead from £144,454 to £179,764 for the six months ended September 30 1981.

Winterbottom Energy Trust

Pre-tax revenue of the Winterbottom Energy Trust fell from £267,699 to £251,239 in the year to November 30 1981. The directors say, however, that the figures cover a transitional year during which the company changed its role from that of an orthodox diversified investment trust to that of a specialist trust investing exclusively in energy and energy related stocks.

YEARLINGS

The interest rate on this week's issues of local authority yearlings stands at 15 1/2 per cent, compared with 15 1/8 per cent last week and 13 1/2 per cent a year ago. A full list of this week's issues will be published in tomorrow's editions.

Howden Gp. Owners Abroad Grp unlisted quotation

THE FULL prospectus is published for the placing by Le Mars Martin of 6m shares in Owners Abroad Group, the company which has reversed into Kintyre Tea and will be traded on the Unlisted Securities Market starting next Monday.

The placing is being made at 10p a share, par, raising £100,000 for the company (to cover the costs of the reverse takeover) and £500,000 for the vendors of Owners Abroad.

comment

Apart from the year when Owners were caught out holding prices when surcharges were being put in leaps and bounds the record is impressive enough. And according to the directors the upward curve shows no signs of weakening. The optimism is based upon the increasing flow of self-catering holidays overseas. Owners is launching its first on a fully taxed p/e of 5.6 historic which gives room for a few percentage premium when dealings start. The directors are not taking much from the issue—roughly twice the amount of houses they paid themselves the previous year as a private company. Capital gain may be more than the USM move seems to be the opportunity to use paper to enlarge the long term interests. Also a quote gives the small band of people running the company an easier and probably more lucrative way out when the time comes to stop selling airline tickets and start growing roses. Unfortunately, with Euroflame and ACI still fresh in the mind, Owners could have been inker in its timing for a USM launch.

Fledgeling share placing to gain improved status

The directors intend to recommend an unchanged dividend of 2.175p per share for the current year. The shares in the placing are being sold by existing shareholders. Following the placing, Anglo-American Securities Corporation will hold 24 per cent of the shares, First Scottish American Trust 6.4 per cent, Robert Fleming Investment Trust 5.1 per cent, NCL Lombard Street Nominees 5.4 per cent, North American Trust 7.2 per cent and Fossand Nominees 6.4 per cent.

SHARE STAKE

John Laing—E. H. Ballard, director, has acquired 20,000 ordinary shares. Sphere Investment Trust—Standard Life Assurance now holds 2,245,000 shares (7.56 per cent). Crest Nicholson—R. St. J. Lewis, director, has acquired 20,000 ordinary shares and as a trustee has disposed of 4,200 ordinary shares.

Halma rises and pays more after six months

TAXABLE PROFITS of Halma advanced from £978,000 to £877,000 for the 27 weeks to October 3 1981 and the net interim dividend is being effectively increased from 0.488p to 0.561p. A final equal to 0.75p was paid for 1980-81.

level the group should be able to look forward to a satisfactory growth in profitability. Turnover for the half year rose from £7.12m to £8.02m. The pre-tax profit was after lower interest of £1,000 (£46,000) and the attributable figure, £387,000 (£32,000), was after minorities of £5,000 (£2,000).

Northern Foods outlook

FURTHER PROFIT improvement is expected by the chairman of Northern Foods, Mr Nicholas Horsley despite the problems he outlines with Government policies, high interest rates on both sides of the Atlantic, and the Common Agricultural Policy. Pre-tax profits rose by £3.07m to £34.63m for the year to September 30 1981.

The company's holding in Avana Group rose to 20.5 per cent in the last financial year. Mr Horsley states that the proportionate share of Avana Group profits will be incorporated into the next group accounts.

Increase in Devenish property value

A property revaluation as at October 2, 1981 has revealed a £26.6m increase in the fixed asset value of J. A. Devenish and Company, Dorset-based brewer.

EMBRAER EMPRESA BRASILEIRA DE AERONAUTICA S.A. US \$80,000,000 Medium Term Loan to finance development of the EMB-120 Brasília twin turboprop commuter aircraft. The Royal Bank of Canada, Canadian Imperial Bank of Commerce, Toronto Dominion Bank, Bankers Trust Company, Credit Lyonnais, Banco do Estado de São Paulo S.A., The Federal Republic of Brazil, LBI (Canada) Limited, National Westminster Bank Group, Northland Bank, Miami Agency, THE ROYAL BANK OF CANADA. December, 1981

Receivers appointed at Youngers

Guy Parsons and Richard Agutter, partners in chartered accountants Peat, Marwick, Mitchell and Co, have been appointed receivers and managers of Younger Furniture. The company manufactures dining room and occasional furniture in London and Andover, and employs 120.

Abbey £2.5m expansion

A £2.5m expansion of its tool-making interests is announced by Abbey, the Dublin house-building, property development and industrial group with half its business in the UK.

UTD CARRIERS NAME CHANGE

United Carriers proposes to change its name to United Parcels. It is also proposed to restructure the internal trading arrangements of the group. Principal parcel operations will continue to be undertaken by a subsidiary which will change its name to United Carriers.

Table with columns: Company Name, Current Dividend, Date of Payment, Corrected Dividend, Date of Payment, Total Dividend, Total Last Year. Includes Halma, Pleasurama, Winterbottom Energy.

Rosehaugh's £19.7m bid for London Shop

ROSEHAUGH, the property company in which Mr Geoffrey Bradman, the group chairman, has a 26.7 per cent interest, yesterday launched a £19.7m bid for the equity and 4.5 per cent control of London Shop Property Trust.

Table titled 'EUROPEAN OPTIONS EXCHANGE' with columns for Series, Vol, Feb, Last, Vol, May, Last, Vol, Aug, Last, Stock. Lists various options for companies like ANZO, AMRO, KODA, HEIN, HOOG, KLM, NEDL, NATN, PHIL, RD, UNIL, MAHN, SLIM, VW.

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The INDEX gives you instant reference. Information is grouped under three headings—Corporate, General, and Personalities—giving you sufficiently detailed and comprehensive coverage of every news item. And as the illustrations show you, it is easy for you to cross-reference a particular story under each heading.

THE INDEX GIVES YOU THE MAIN POINT OF EACH STORY. THE DATA BASE IS COMPREHENSIVE, ACCURATE AND UP TO DATE. THIS EXTRACT FROM THE Corporate SECTION COVERS SHELL.

SHELL UK gets another 0.1% on petrol Aug 24; motorists show beginnings of a persecution complex as petrol heads for £1.70 a gallon Aug 24; from the company director (Sat) Aug 13; the vice CEO order Aug 14; Matthew Hall Engineering are to supply them with electrical work on their NCL plant. Aug 14-15; asked by Office of Fair Trading to explain pricing policies Aug 14; Mr Booth's claim on petrol profit levels rebuffed Aug 15-16.

THE PRICE RISE NOTED IS ALSO COVERED IN THE General SECTION, UNDER PETROL.

Petrol: carrying petrol in Explosives containers (noting column) Aug 8-7; Price: Shell to raise the price by 5p Aug 7-8; Shell puts another 5p on petrol (graph) Aug 8-24; motorists show beginnings of persecution complex as petrol heads for £1.70 a gallon Aug 8-24; pressure grows for Office of Fair Trading inquiry on price increases Aug 10-26; (let) Aug 11-17; BP, Esso, Mobil raise their prices Aug 11-14; (let) Aug 12-17; (let) Aug 14-15; Office of Fair Trading queries petrol wholesalers pricing policies (graph) Aug 14-15; (let) Aug 17; Labour Party urges inquiry into prices Aug 15-16; Shell UK articles allegations by Albert Booth that profit levels are being understated Aug 15-16; Sales: garage at Thornbury sells petrol at 99p a gallon Aug 24-15.

THE UK SHELL AND UK PETROL ENTRIES BOTH REFER TO MR. BOOTH, WHO HAS HIS OWN ENTRY IN THE Personalities SECTION.

BOOTH Albert writes to Norman Fowler saying petrol price increases threaten transport of people & freight Aug 16-18; claims on petrol profit levels rebuffed Aug 15-16.

EACH ENTRY CONCLUDES WITH DATE, PAGE AND COLUMN REFERENCE. THE FT'S EIGHT COLUMNS ARE LISTED A-H. THUS Aug 19-6e MEANS THAT THE ITEM APPEARED IN THE ISSUE OF 19TH AUGUST, ON PAGE 6, IN COLUMN 3.

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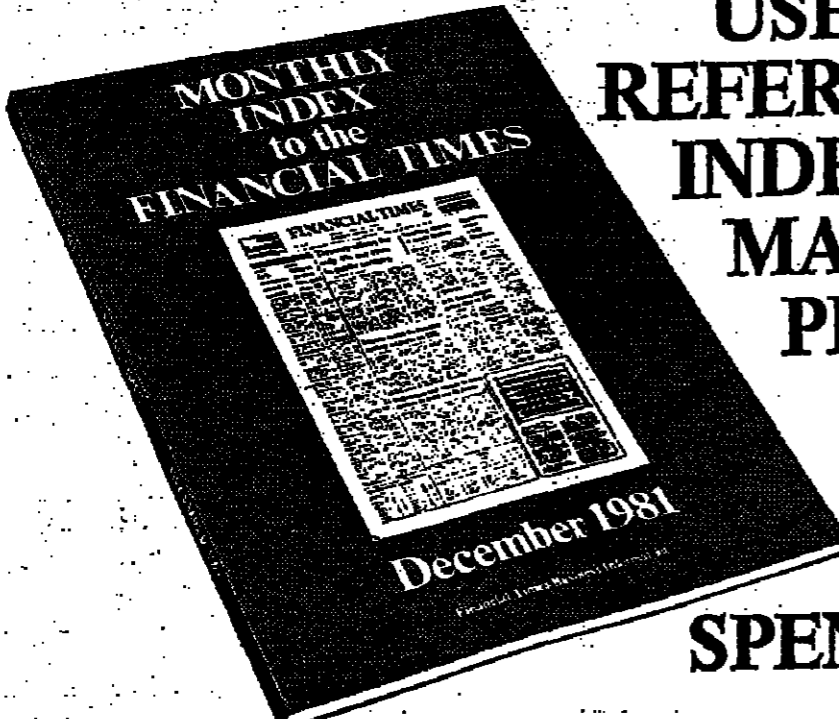
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13% rise in new premiums at Norwich Union . . .

A 13 per cent increase in new annual premiums on its world-wide life and pensions business . . .

The decline came in the pensions market where group annual premiums dropped 12 per cent . . .

Total funds in the Society's Pension Fund Management . . .

Mersey Docks further payment

BY RAY MAUGHAN. The Mersey Docks and Harbour Company is to pay a further 2p per £1 unit to holders of the subordinated unsecured loan stock . . .

The following companies have notified dates of board meetings to the Stock Exchange . . .

. . . and reversionary bonus rates are increased

HIGHER RATES of reversionary bonus have been declared for 1981 by the Norwich Union Insurance Group . . .

On the main individual life contracts, the rate is lifted 10p to 54.50 per cent of the sum assured . . .

unchanged at the levels announced last October . . .

to the land vested last June in the Merseyside Development Corporation (MDC) for which the docks company is now negotiating compensation . . .

Fledgling Investments Public Limited Company

DIRECTORS. Mr Donald (aged 67), a Director of Robert Fleming Holdings, has been largely responsible for the investment portfolio of Fledgling since it commenced business in 1982 . . .

Table showing D. Capital Reserves for periods under review from 1977 to 1981. Columns include 1977, 1978, 1979, 1980, 1981, and 6 months ended 21st July 1981.

- (v) On a show of hands every member present in person (or if a corporation, present by a duly authorized representative) is entitled to one vote . . .

INVESTMENT MANAGEMENT

Robert Fleming Investment Management and Robert Fleming Services have entered into an agreement with Fledgling dated 28th May 1981 . . .

Table showing E. Balance Sheet as at 21st July 1981. Columns include Investments (at cost), Current assets, Current liabilities, and Net current liabilities.

- (vi) The Directors may pay pensions, or other retirement, superannuation, death or disability benefits, to (or to any person in respect of) any Director or ex-Director who may not have held any executive office or any other office of profit with Fledgling or any of its subsidiaries . . .

DIVIDEND POLICY

Fledgling has adopted a policy of investing with a view to capital appreciation rather than income and is the intention of the Directors to continue this policy . . .

Table showing NOTES: 1 INVESTMENTS. Valuation of investments at 21st July 1981 as follows.

- (vii) The Directors shall be entitled to be repaid all reasonable expenses incurred in or about the performance of their duties, including any expenses incurred in attending meetings . . .

TAXATION

The Directors intend to ensure that Fledgling satisfies the conditions for approval as an investment trust laid down in section 359 (1) of the Income Tax Act 1970 . . .

Table showing F. Source and Application of Funds for periods under review from 1977 to 1981.

- (viii) The Directors may exercise all the powers of Fledgling to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Fledgling or of any third party, provided that the aggregate principal amount outstanding in respect of borrowings for each of its subsidiaries . . .

ACCOUNTANTS' REPORT

The following is a copy of a report which has been received from Ernst & Whinney, the auditors and reporting accountants . . .

Table showing G. Accounts. Audited accounts of Fledgling have not been prepared in respect of any period subsequent to 21st July 1981.

- (ix) The shareholders representing more than five per cent of the issued share capital of Fledgling immediately after completion of the Placing Agreement referred to in paragraph 4 below will be as follows . . .

STATUTORY AND GENERAL INFORMATION

1. The Company and its Share Capital. Fledgling was incorporated as a private company on 30th July 1955 under the Companies Act 1948 and the registered number is 552775 . . .

Table showing H. General Information. Various financial metrics and company details.

- (x) The directors have been unconditionally authorized to allot up to £157,630 in nominal amount of the relevant securities (as defined in section 14 of the Companies Act 1980) without the authority of the company in general meeting . . .

BIDS AND DEALS

Anglo restores Minorco stake

THE MAJOR shareholders in the Bermud... Anglo American Corporation of South Africa...

Haoma-North West deal

THE agreed merger of Australia's Haoma Gold Mines and North West Mining has been extended...

ROUND UP

A COPPER smelter with an annual capacity of 50,000 tonnes of blister copper...

Institutions invest £2.4m in Isis buy-out scheme

TWELVE MAJOR institutional investors have participated in an innovative management buy-out scheme, investing £2.4m in convertible preference shares...

Paget builds up its stake in Sangers

Paget Agencies, the Bermuda-based vehicle of financier Mr Tom Whyte, former head of crashed Triumph Investment Trust...

Babcock's \$17.5m U.S. sale

Babcock International, the UK engineering group, is selling the assets and business of the Industrial Products Group of the U.S. subsidiary...

T. W. Ward answer to RTZ bid

Thos. W. Ward, the industrial holding company, has forecast a strong performance for its current year in issuing a detailed report on the £11m take-over bid from Rio Tinto-Zinc Corporation...

ABI exceeds its forecast

THE FIRST accounts for ABI Holdings show pre-tax profits of £310,225 in excess of the £250,000 forecast last July...

57 companies wound-up

Compulsory winding-up orders against 57 companies were made by Mr Justice Vinelott in the High Court. They were: Banner Publications, E. F. Allan and Co., Nottingham...

APE STOCK SWITCH

Holders of Amalgamated Power Engineering (APE) 6 per cent Unsecured Loan Stock have been called on an extraordinary meeting on January 26...

MATTHEW BROWN

Matthew Brown's rights issue has been taken up as to 84 per cent. The balance has been placed.

EUROPEAN PROPERTY INVESTMENT COMPANY N.V. established in Amsterdam. AN INFORMATIVE AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS...

THE NEW THROMMORTON TRUST LTD. Capital Loan Stock valuation - January 5 1982. The net Asset Value of £1 of Capital Loan Stock is 277.67p...

THE TRING HALL USM INDEX 117.7 (-0.5) Close of business 6/1/82 BASE DATE 10/11/80 100 Tel: 01-638 1391

CORAL INDEX Close 514-519 (-6)

OIL INDEX March Refined \$40.50

NatWest Registrars Department National Westminster Bank Limited has been appointed Registrar of EQUIPU PLC...

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

KCA explains disposal

"Earnings and reserve projections for Barot were not borne out—otherwise we would never have been able to negotiate \$4.1m off the purchase price," Mr John Wilson, managing director of KCA International, said yesterday...

CAVLAND ACQUIRES DEPOSIT TAKER

Cavland has announced that it is buying the bonded licensed deposit takers Merseyside Finance and Merseyside Facilities. Cavland of Lymington in Cheshire—in which the English Association Development Fund has an investment—is carrying out the deal through its Manchester based deposit taker Century Industrial Services.

WESTERN SELECTION AND DEVELOPMENT

Agreement has been reached, subject to contract, whereby Western Selection and Development will sell its wholly-owned subsidiary British Patent Glazing Company to Aluminium and Titanium Securities. Sale price will be based on the net asset value of BPG as at September 30 1981.

ROOSEY & HAWKES

Roosey & Hawkes has agreed the disposal of its leasehold interest in 33 Margaret Street. The acquisition of a headlease for 285 Regent Street, details of which were announced on June 23, has been completed.

HALLITE HOLDINGS

Laurie Millbank and Co. has purchased 188,200 ordinary shares in Hallite Holdings (7.8 per cent) at 200p per share on behalf of General Tire and Rubber Company, South Africa. General Tire now holds 698,297 ordinary (32.5 per cent).

PRESTWICH PARKER

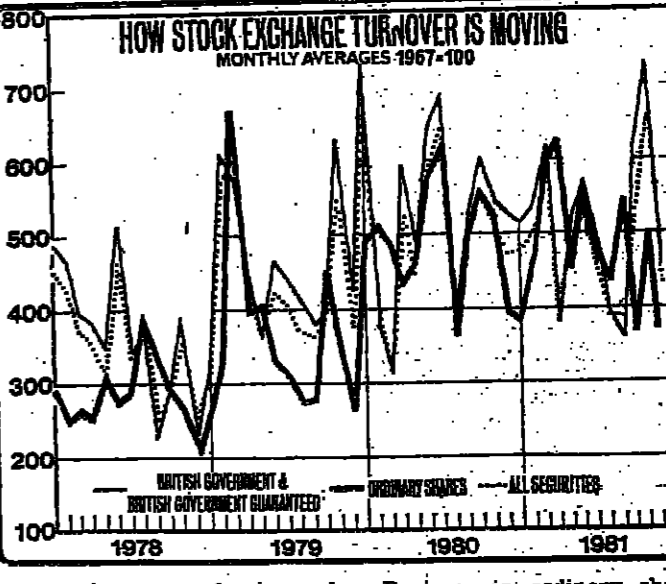
Butler Lane Nominees (Manchester) has acquired 165,000 ordinary shares in Prestwich Parker (Holdings) bringing its total share holding to 250,000 (£8.25 per cent).

WEDGE CHEMICALS

Wedge Chemicals, a new independent trading company specialising in the distribution of polymers, resins and speciality chemicals, has been formed as a result of a management buy back from Cole Chemicals, a subsidiary of R. H. Cole.

Record ordinary shares trading

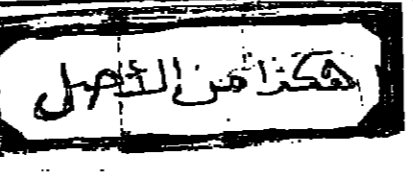
STOCK EXCHANGE trading in 1981 was marked by record business in ordinary shares which increased by 5.1 per cent to £32.4bn. However, the number of bargains transacted in ordinary shares during the year was 3.9m, slightly down on 1980's 4.2m and well below the 1980's 4.2m recorded in 1972. The average value per equity bargain during the year was £3.32 while the FT Turnover index for ordinary shares in 1981 registered a monthly average of 481.6 against the previous year's 458.0.



Business in ordinary shares also contracted last month, falling by £0.7bn to £2.1bn. The year's high of £3.50bn was recorded in April and the low of £2.05bn in October. The number of bargains transacted in equities in December fell by 63,591 to 233,859 and the average value per bargain was down by £319 to £3.944.

Table with columns: Category, Value of all purchases & sales of £m, % of total, Number of bargains, % of total, Average value per bargain £, Average number of bargains per day.

BASE LENDING RATES table listing various banks and their interest rates for different terms and currencies.



Spain's capital market comes of age

OVER the past year syndicated peseta loans have become a significant element in financing the medium requirements of the Spanish industry, notably in the case of the state holding company, INI, the steel industry, and the utilities.

Resort to large-scale floating rate peseta syndications reflects the financial liberalisation set in motion in 1977 by which the Government sought to introduce a proper capital market in Spain and remove the out-dated dependence on commercial and savings bank lending at un-economic rates.

The first syndicated peseta loan—Pta 7bn of two-year funds—was signed in October 1980 by the national motor group, Seat. Since then about Pta 100bn (\$1.03bn) worth of syndicated peseta credits have either been signed or are being negotiated, the vast majority of which were initiated during 1981.

The Seat loan, which set the ball rolling, was to some extent political. The company was state controlled, and the banks participated largely as a gesture of solidarity for a troubled national company.

The real test for the new market came last May when Chase Manhattan successfully negotiated a Pta 7bn credit over six years for the private utility, Sevillana. This represented a breakthrough for two reasons: it extended the length of the credit significantly; and it showed that Spanish banks, albeit on foreign initiative, were willing to try the process in the private sector.

By offering a six-year maturity the Sevillana credit broke the innate caution of the Spanish banks regarding the length of such a large credit at commercial rates. For the more conservative Spanish banks the initiative came as an unpleasant surprise.

This sense of encroaching on a local preserve by a foreign bank quickly prompted a reaction. One month later the Spanish banks themselves put together a loan package to Sevillana, this time for Pta 4bn but also over six years. Since then the new market has not looked back.

The syndicated peseta loan market has been nurtured by the Bank of Spain, and has been championed by the more

Financial liberalisation instigated by the Spanish Government in 1977 has led to considerable development of the country's capital market and significant growth in syndicated peseta loans. ROBERT GRAHAM in Madrid reports

aggressive of the large Spanish banks: Banco de Vizcaya in particular has been active, being agent in six out of the 13 credits so far arranged.

But stimulation has also come from external forces. The depreciation of the peseta in the past 14 months has been sharp. At the time of the signature of the first such loan the peseta stood at Pta 76 to the dollar. The parity is now down to Pta 97 against the U.S. currency.

Not unnaturally depreciation on this scale has forced many companies and institutions to turn away from the Euromarkets and tap instead a less costly

peseta market. Hand in hand with the difficulties of coping with exchange rate risk has been the risk of fluctuating interest rates. Borrowers have preferred to opt for fluctuations in local market rates. And this too has been a novelty. Until recently the idea that there could be floating peseta loans for medium term finance was almost inconceivable.

A further element that has favoured the development of peseta loans has been the surplus liquidity in the Spanish banking system. Demand for private sector credit has been slack, so much so that the Bank of Spain has revised downwards its money supply targets.

The market, however, has clearly begun to approach its current optimum and cannot expect to continue to expand at the pace of 1981. Indeed there is concern that large scale funding of single institutions or companies will absorb too much of the available pool of funds. This concern was publicly expressed recently when the three integrated steel companies with an INI guarantee sought Pta 20bn—equivalent to almost a quarter of the total raised so far in peseta credit form.

Some banks complain that their margins are squeezed on peseta loans, especially as a turnover tax is applied. They maintain that this could ultimately inhibit the growth of this market. However, the more sanguine in the banking community feel that they have to learn to live with tighter margins, and that floating rates for medium term peseta finance will continue to have an irresistible attraction.

Carlsberg group to sell its brewing know-how to China

BY HILARY BARNES IN COPENHAGEN

UNITED BREWERIES, the Danish brewer best known for its Carlsberg and Tuborg brands, is to sell brewing know-how to China.

It has signed a technical and co-operation agreement with the Guangzhou (Canton) Brewery under a deal claimed to be the first between a Western and Chinese brewery.

Mr Poul Svanholm, UB's managing director, expects to sign similar agreements with other brewers in China. Stressing that China planned to quadruple beer production over the next decade, he said the deal had some "interesting perspectives."

UB also said yesterday that it was setting up a biotechnical company, Carlsberg Bio-

technology, to exploit a yeast-based enzyme.

The process could be used, for example, to make "human" insulin as an alternative to the chemical and gene-splicing techniques which have been developed by other companies.

Carlsberg's scientists, who believe they are currently ahead of other researchers in this field, say the process has enormous potential.

UB does not plan to go into the production of the end products, such as insulin, but to sell the active agent and the know-how to clients.

It would be several years before the process was fully developed for commercial exploitation but "the process has substantial earnings potential."

Norsk-Hydro forecasts maintained annual profit

BY FAY GJESTER IN OSLO

NORSK HYDRO, the industrial and energy group which is Norway's largest industrial concern, expects after-tax profits for 1981 to broadly match the Nkr 1,07bn (\$185.4m) achieved in 1980. Turnover at about Nkr 16bn will also be in line with the earlier year.

Mr Odd Narud, Hydro's president, said the overall result was satisfactory thanks mainly to the group's earnings from offshore oil and gas, now its largest single source of income.

Among its land-based activities, petrochemicals and light metals (magnesium and aluminium) had been hard hit by the world recession and the prospects for 1982 were not encouraging.

The fertiliser division on the other hand had a good year in

1981 and the outlook was "reasonable": Hydro's involvement in foreign fertiliser plants had made the group one of the world's largest in this field.

Despite the current slump on the world aluminium market Hydro was optimistic about the longer term outlook for the metal, and was going ahead with expansion of its smelter in Katmo, western Norway.

This, the group's largest investment project in mainland Norway, will expand capacity to 180,000 tonnes per year from 110,000 tonnes, and is expected to be completed late this year or early in 1983.

Norsk Hydro has also recently increased its stake in another Norwegian aluminium plant, Sor-Norve Aluminium to 25 per cent from 20 per cent.

Daimler-Benz in U.S. reshuffle


BY OUR FINANCIAL STAFF

DAIMLER-BENZ, the West German motor group, is to realign its organisation in North America. A new company, Daimler-Benz of North America Holding Company, will be the parent corporation of Mercedes-Benz of North America Freight-

liner and Euclid.

Mercedes-Benz of North America will continue to be the passenger car importer and distributor and will also be the parent of the recently formed Mercedes-Benz Truck Company. In addition it will be the parent of Mercedes-Benz Canada, of Mercedes-Benz Service Corporation and of two companies responsible for retail sales operations in New York and Los Angeles.

This announcement appears as a matter of record only.



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December 1981

Further growth in 1981 for Banca del Gottardo

BY JOHN WICKS IN ZURICH

AN INCREASED dividend total and a further rights issue are announced by Banca del Gottardo, the first Swiss bank to disclose figures for calendar 1981. The Lugano-based bank lifted its balance sheet total by 16 per cent to SwFr 3,65bn (\$2,05bn) in the year, and gross profits by 15 per cent to SwFr 34.5m. Net earnings were up by 11 per cent to SwFr 25.5m.

The bank recommends an unchanged 12 per cent dividend on increased capital of SwFr 90.75m, and a silver-jubilee bonus of 2 per cent.

At the bank's February 26 annual meeting, shareholders will also be asked to approve a

one-for-ten rights issue of new shares and participation certificates, the conversion of part of the participation certificates capital in share capital of the same nominal value, and the creation of new share capital without subscription rights for existing holders of shares and participation certificates.

If all the recommendations are approved, capital resources will increase to SwFr 310m, including SwFr 80m in share capital and SwFr 20m in participation-certificate capital.

The Bahamas subsidiary Gotthard Bank International expanded its balance-sheet total by 12 per cent to \$28m in 1981

Montedison expects recovery

By Our Financial Staff

MONTEDISON, in a report to the Milan brokers' committee, said the top priority for Italy's biggest petrochemicals group is to return to profits.

Sig. Mario Schimberni, the group's chairman, said a financial reorganisation to reduce the group's interest burden, and a change in the production mix to emphasise secondary chemistry items, should turn the group's results round.

The most recent figures show the group posted a loss of L367bn (\$223m) in the first half of 1981, compared with a loss of L435bn for all of 1980.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / December, 1981

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This announcement appears as a matter of record only, November 1981.

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Tat Lee Finance Singapore Limited

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Kuala Lumpur listing for Multi-Purpose Holdings

BY WONG SUI-LOONG IN KUALA LUMPUR

MULTI-PURPOSE HOLDINGS, the investment arm of the Malaysian Chinese Association (MCA), a partner in the Malaysian Government, has obtained a listing on the Kuala Lumpur Stock Exchange, and its shares will be traded from January 11.

An application for listing has also been made to the Singapore exchange, which is expected to allow trading on the same day.

MPE, incorporated five years ago by the MCA with a public subscription of 30m ringgit (U.S.\$13.3m). After a series of bonus and rights issues, its paid-up capital is now 35m ringgit in one ringgit shares. It would rank second in paid-up capital after Singapore's United Overseas Bank on the exchanges.

The group controls three publicly listed companies—Bandar Raya, one of the largest housing developers in Malaysia, Magnum, the lottery organisation, and Malaysian Plantations. It also has equal control with Pemas, a Government agency, of United Malayan Banking Corporation, the country's third largest bank, and has controlling interests in Guthrie Berhad, and Datoop Estates, both purchased from their UK parent companies last year.

MPE has agreed, as previously reported, to issue 20m new shares to Bumiputras (Malays) at a price to be fixed by the Government's capital issues committee.

MPE shares are currently trading at 3.5 ringgit to 4 ringgit.

Nissan in talks on production in India

By K. K. Sharma in New Delhi

A DELEGATION from Nissan Motor of Japan is to hold talks this month with Maruti, a government-owned company, on building a low-price car in India. Other contenders include Renault and Peugeot of France, and BL of the UK, but indications are that Nissan is at present the favourite. Agreement could be reached in the next few weeks.

In a separate deal, Nissan said, it has tentative plans for it and State-supported Hyderabad Allwyn to build an assembly plant to manufacture a three-tonne truck in Andhra Pradesh, Central India. Final agreement has not been reached yet, Nissan added.

The controversial Maruti project was started by the late Mr Sanjay Gandhi, son of Mrs Indira Gandhi, the Prime Minister. After setting up an elaborate factory complex in Haryana state, he abandoned plans to make the low-price small car for which the project was licensed, and diversified into areas such as road rollers.

After his death in June, 1980, liquidation proceedings were started. But shortly before the courts were to pass final orders on Maruti, the Indian Government nationalised it and paid off all its debts. It was then decided that Maruti should again attempt to make cars.

At present, only two cars are made in India and both are highly priced and obsolete. Recently, however, Premier Automobiles signed an agreement with Fiat to import dies and other equipment to make a new model at its plant in Bombay where at present it makes the Padmini based on a previous agreement with Fiat of Italy.

The other car manufacturer, Hindustan Motors of Calcutta, has just signed an agreement with Vauxhall of Britain to make a new car at its plant where it presently makes the Ambassador which is based on a collaboration agreement with Morris that lapsed more than two decades ago.

Non-ferrous boost for Union Steel

By Our Financial Staff

UNION STEEL Corporation, the South African metals producer, which claims the lead in the country in special steels, expects its non-ferrous division to support a "satisfactory" group performance in the current financial year ending September 30.

Last year's increased demand for non-ferrous products is seen as remaining constant, with profits in the division showing a further gain.

Weakening motor industry demand for steel, and fierce competition from overseas manufacturers of forged tool steel, are forecast.

Union Steel reported pre-tax profits of R15.0m (\$15.5m) in the nine months ended September 30, against R17.4m in the 12 months to December 31, 1980, and net profits of R12m against R13.4m, for an adjusted gain of 12 per cent.

Earnings per share totalled 37.64 cents, against 44.95 cents.

Indian banks hard pushed to meet reserve ratios

By Kevin Rafferty in Bombay

MANY INDIAN banks are failing to meet the stiffer reserve requirements imposed by the Indian Government at the end of last year. This poses a delicate problem for the authorities who have to decide whether to apply tough penalties or to persuade banks to fall into line.

Senior executives of several banks have admitted for the first time that they were hard pressed to meet the cash reserve requirement and some said that they had fallen behind on the statutory liquidity ratio. Both rates have been pushed up recently. The cash reserve on deposit with the Reserve Bank rose to 7.5 per cent of deposits at Christmas and is scheduled to rise to 7.75 per cent on January 29 and to 8 per cent on February 26. The liquidity ratio went up to 35 per cent in October from the low thirties earlier in the year.

There is more incentive for banks to abide by the cash reserve ratio because there is already a 100 per cent penalty of high interest rates on the short-

fall, plus loss of a week's interest on the whole of the cash deposited with the Reserve Bank.

In theory the Reserve Bank can also fine banks failing to meet the liquidity ratio of Rs 2,000 (\$220) a day but one bank executive said: "In law the punishment also includes imprisonment, but so far the Reserve Bank has been understanding."

Banks have faced an especially tight time recently. The bigger ones had to provide Rs 1bn (\$110m) to the Food Corporation of India, apart from the usual liquidity and cash demands. Normal end-year borrowing requirements of businesses are also heavy. On top of this, some deposits have also been withdrawn to buy special bearer bonds, a scheme designed by the Government to mop up black (illegal) money.

In some cases banks may be tempted not to cut overdrafts too quickly, especially if the Reserve Bank is slow to penalise them for failing to keep to the liquidity ratio.

Fine terms seen for Indian steel plant loan

By Kevin Rafferty

INDIA'S next big international commercial loan, for the steel plant project won recently by Davy Corporation of the UK, may reach \$1bn, according to bankers in Bombay. Despite its size, the offering may attract the finest rates that developing Asian countries have seen, thanks to tax concessions and export credits.

Negotiations will begin in earnest before the end of the month when the location of the steel plant has been finalised. Some bankers are talking confidently of a spread of a flat 1 per cent above the London interbank offered rate (Libor) for the 10 year life of the loan. Others contend that if the Indian Government pushes hard, it may achieve a rate as low as 1 per cent, at least for part of the term.

The total cost of the 1.5m tonne a year plant to be built

at Paradip in Orissa State is put at \$2.87bn, of which \$1.5bn will be provided under export credits from the UK, France and West Germany and a further \$500m in aid from the UK and France. The size of the Euro-market loan was originally pencilled in at \$750m, according to bankers at the State Bank of India, the country's largest commercial bank, but will probably now be at least \$800m and could reach \$1bn.

The very fine terms are expected because of the packaging of the loan which will allow the benefits of the double taxation agreement recently signed between India and the UK.

The bankers did not go into the details of the packaging, but said that a spread of 1 over Libor for this loan would be equivalent to 1 per cent or even up to 1.4 per cent above Libor

for some lenders.

As there is still not much Indian borrowing on the market and banks are reported to be competing keenly to get into the deal, the Indian Ministry of Finance may try to pare the rates even more finely.

The lead managers for the issue will be Lazard Brothers of the UK, Davy's Bankers, plus Paribas of France, Commerzbank of West Germany, and the State Bank of India. Alstom of France and Schloemann-Siemag of Germany will be Davy's principal partners in the project. The lead group is also expected to include a number of the UK's big four banks plus Manufacturers Hanover Trust of the U.S., which has been courting India. India is keen to see good representation from Japan among the lenders.

India is supposed to limit its commercial borrowings to about

\$1.2bn a year for the next three years under the terms of the SDR 5bn (\$5.8bn) loan from the International Monetary Fund, but the Paradip project is excluded.

Because of a shortage of traditional soft loan funds, India will, however, be pushed more into the commercial markets. The Industrial Development Bank of India, the major supplier of long-term funds to Indian industry, has just raised its first syndicated loan. The value of the Swiss francs offering was raised from the equivalent of \$15m to \$25m because of the response of the banks.

The Government has also given permission to private sector business to borrow internationally without government guarantee and an offering worth about \$23m by Reliance Textiles is nearing finalisation.

This announcement appears as a matter of record only.

December 1981

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Bank Cantrade Switzerland (C.L.)
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Skandinaviska Enskilda Banken
Sumitomo Finance International
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In accordance with the provisions of the Debentures, notice is hereby given that for the six month interest period from 4th January, 1982 to 6th July, 1982 the Debentures will carry an interest rate of 15 1/2 per cent per annum and that the interest payable on the relevant interest Payment Date, 6th July, 1982 against Coupon No. 4 will be U.S. \$775.21.

The Bank of Tokyo, Ltd. London
Agent Bank

This announcement appears as a matter of record only.

U.S. \$36,303,260

Medium Term Facility for

BANCO DI NAPOLI
SEZIONE DI CREDITO INDUSTRIALE

Also on behalf of
BANCA NAZIONALE DEL LAVORO
SEZIONE DI CREDITO INDUSTRIALE

ISVERMER
CONSORZIO S.C.C.

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THE DAIIWA BANK, LIMITED

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LIBYAN ARAB FOREIGN BANK
THE NIPPON CREDIT BANK, LTD.
BANQUE CONTINENTALE DU LUXEMBOURG S.A.
BANQUE INTERCONTINENTALE ARABE
THE DAIIWA BANK, LIMITED
EUROPEAN ARAB BANK
NEDERLANDSE CREDITBANK NV
ARAB HELLENIC BANK S.A.
BANQUE INTERNATIONALE DE GESTION ET DE TRESORERIE BGT
TAT LEE BANK LIMITED, SINGAPORE

Agent

FIRST CHICAGO LIMITED

November 1981

These Notes having been sold, this announcement appears as a matter of record only.

December 1981

New Issue

RENFE

Red Nacional de los Ferrocarriles Españoles

SDR 50,000,000

Guaranteed

Floating Rate Notes due 1989

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by

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Orion Royal Bank Limited
Allied Irish Banks Limited
Daikwa Europe Limited
Fuji International Finance Limited
LTCB International Limited
Morgan Guaranty Ltd
Société Générale
Sumitomo Finance International

Managing director for Chivers Hartley

Mr John Morrison has been appointed managing director of CHIVERS HARTLEY, the overseas subsidiary of the tea and foods division of Cadbury Schweppes.

MASTER AND MOORE, stock-brokers, on January 8. Mr R. E. Cole has been appointed to the board of CAMERON RICHARD AND SMITH INSURANCE SERVICES.

\$ & £ firm Dollar rose against other major currencies yesterday on higher Eurodollar interest rates. The upward trend in Eurodollar and U.S. money market interest rates followed the larger than expected rise in the weekly money supply figures.

THE POUND SPOT AND FORWARD Table with columns: Jan 5, Day's spread, Close, One month, % Three months, % p.a.

THE DOLLAR SPOT AND FORWARD Table with columns: Jan 5, Day's spread, Close, One month, % Three months, % p.a.

CURRENCY MOVEMENTS Table with columns: Jan. 5, Bank of England, Morgan Guaranty, Jan. 4, Bank of England, Morgan Guaranty.

OTHER CURRENCIES Table with columns: Jan. 5, \$, S, Note Rates.

EMS EUROPEAN CURRENCY UNIT RATES Table with columns: Currency, ECU amount, % change, % change adjusted for divergence.

EXCHANGE CROSS RATES Table with columns: Jan. 5, Pound Sterling, U.S. Dollar, Deutschemark, Japanese Yen, etc.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 5) Table with columns: 3 months U.S. dollars, 6 months U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing Rates) Table with columns: Jan. 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Belgian Franc, Japanese Yen.

MONEY MARKETS Revised shortage London clearing bank base lending rates 14 1/2 per cent (since December 4).

GOLD Firmer trend Gold rose \$10 to \$405.406 in the London bullion market yesterday.

MONEY RATES LONDON MONEY RATES Table with columns: Prime rate, Treasury bills, GERMANY, FRANCE, JAPAN.

FRANKFRANK 12 1/2 kilo bar was fixed at DM 29,210 per kilo (\$403.00 per ounce) against DM 28,500 (\$400.99) previously.

Gold Bullion (fine ounce) Table with columns: Close, Opening, Morning, Afternoon, Gold Coins.

15 1/2 per cent respectively and the Belgian authorities have general interest rates have fallen in so far been able to reduce domestic rates without putting pressure on the Belgian franc within the European Monetary System.

FT UNIT TRUST INFORMATION SERVICE

Large table listing various FT Unit Trusts with columns for Name, Manager, Assets, etc.

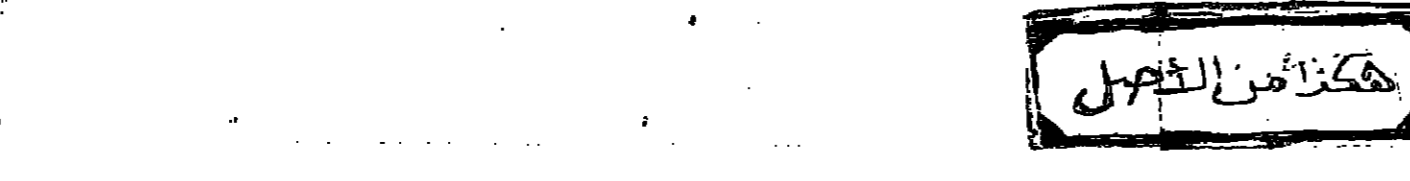
Notes on currency movements and market trends.

Notes on money markets and interest rates.

Notes on gold prices and market trends.

Notes on money rates and exchange rates.

Notes on international finance and currency exchange.



How a coal trader became the fastest-growing UK company

By Carla Rapoport

SOMETHING IS happening in Sheffield. In the heart of one of Britain's recession-hit wastelands, a small company has been adding on sales and profits with the speed of the wind.

Over the coming year, the small company will have all but disappeared and in its place will be an international coal trader, producer and distributor with sales of £120m a year and a substantial bank of coal reserves around the world.

Britain's newest entrant to the international energy sector is Burnett & Hallamshire, for some time the fastest-growing company in the country. The beginnings of the group's dizzying growth rate coincides with the promotion of Mr George Helsby to finance director in 1974. A short, energetic man who shuns vegetables, Mr Helsby helped B & H kick through the crusty layers of empire that five decades of family-style management.

The results are remarkable. Since Mr Helsby was appointed managing director in 1976, the company has increased turnover five times. Its pre-tax profits have recorded a seven-fold increase in the same period. Sales last year should have increased by about 25 per cent and profits should have nearly doubled. Most of this growth has come through acquisition, much of it involving share swaps rather than cash. But earnings per share have yet to suffer (see chart). Return on capital employed has ranged between 25 and 32 per cent in the last five years, but the company has not been relying on its bankers, it took out its first major loan only a few months ago.

Christmas? Cancel Christmas, I don't have time for it, said Mr Helsby, as he topped into his powder-blue Rolls-Royce. He's a joker, but there's a hint of steel behind the smile. Mr Helsby is a clever man who has pieced together his coal empire with careful precision. In the past year alone, the group has allocated nearly £20m in cash and another £40m in equity for a string of acquisitions—Mr Helsby can reel off the details of each purchase without missing a beat.

Family company
But can the man who transformed the sleepy family company with 250 employees into an international energy business with a staff of 4,500 also keep the larger company on course? Can an open-cast miner based in Sheffield handle a huge deep-mining operation in South Africa?

Part of the answer to those questions lies in Mr Helsby's track record to date. Now 40, Mr Helsby arrived at B and H's small headquarters in Sheffield eight years ago. A Lancashire native, he had trained as an accountant and had previous experience with Staveley Industries and Union Carbide. At that point the company's

liabilities were greater than its assets. First, he said, the books were straightened out, and then the main business attacked. Founded by two brothers in 1921, B and H had long been delivering coal door-to-door in the North. But by the early 1970s the group was concentrating on three areas: oil storage and distribution; civil engineering and building; and open-cast mining.

"After formal examination of our assets and activities, it was decided that we were good at digging holes in the ground," said Mr Helsby. Construction activities were consolidated and B and H's subsidiary, Northern Strip Mining, began expanding the group's open-cast coal operations.

NSM developed a "nose" for sniffing out the small pockets of coal reserves which had been left behind by the National Coal Board as too small to exploit when the industry was nationalised. Successful in obtaining licences for these pockets, B and H swiftly became the largest contractor to the NCB for open-cast mining in the UK. B & H continues to hold that title, supplying some 2m tonnes or about 13 per cent of the output of the NCB Open-cast Executive. Considering the highly sensitive nature of coal mining in Britain, B & H is unlikely to increase its share of this market much further. However, its important position in this lucrative market is attributed to the group's highly professional mining operation.

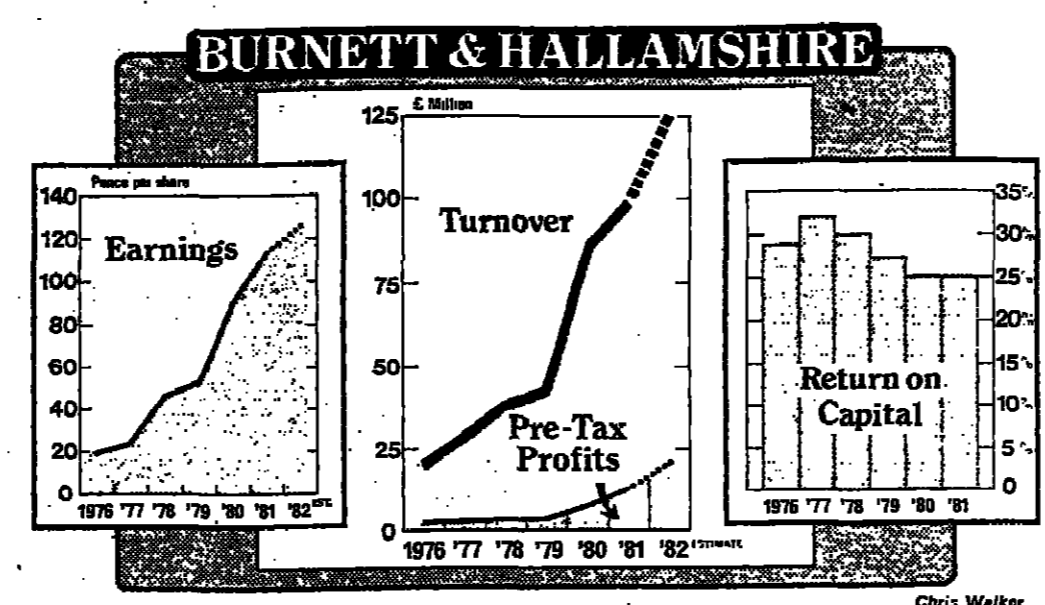
Good record

There's no doubt others are envious that B & H maintains such a good share of this business," said Mr Malcolm Brown, a security analyst at James Capel. "But B & H has a very good record of delivering coal and keeps up a high standard in mining technology."

Open-cast mining, unlike the underground business, is surprisingly profitable. According to NCB figures, open-cast operations in the UK showed average profits of £3.43 a tonne while underground activities recorded a £1.27 loss a tonne and have not produced profitable figures for the past 10 years.

B & H also found that its industrial property development activities sometimes led it to coal. "We were stabilising some land for development in the Midlands and it just so happened that we had to extract 1m tonnes of coal to do the job properly," said Mr Helsby. The group's various activities often overlap. For example, one unit has a contract to dump coal dust and sludge some 10 miles out to sea. Another unit further south has a contract for cleaning up the shoreline and often can extract minerals, useful to another B & H subsidiary.

In 1979, the group bought Mincorp, an unquoted coal mining group, which broadened the mining and construction activi-



ties of the group. "Around that time, we realised that our growth in this country was limited," said Mr Helsby, as coal remained regulated and construction activity was slowing down. Mincorp also contained a small stake in Rand London, a South African deep-mining group with a London and Johannesburg listing, as well as a few other overseas interests. Mr Helsby's appetite was whetted.

The end-result has been a rapid-fire acquisition strategy which had taken B & H into

the Philippines, Colombia, Chile and both the west and east coast of the U.S. In many cases, the deal was clinched with a deferred payment scheme in which the vendor received future profits of his group provided they reached a certain level. B & H also successfully used its shares in several deals.

The most ambitious manoeuvre to date has been last year's acquisition of 51 per cent of Rand London through two former shell companies, one registered in the Netherlands, called Anglo-International Min-

ing, and another registered in London called Brink Investments, previously known as Hall Brothers Steamship Company.

The boards, as well as the share registers, of Brink, Rand London and Anglo contain some of the same names. Mr Alan Ferguson, who appears on all three, owns about 25 per cent of Anglo and more than 50 per cent of Brink. Mr Jeremy Pinckney, one of the founders of Rand about five years ago, is also on all three boards. Sometime before the deal, B & H had sold its original stake

in Rand — "because we weren't ready then," said Mr Helsby. The stage was reset as follows:

Mr Ferguson, a short-lived director of B & H who was a shareholder in Mincorp, became a prime investor in Anglo, building up the largest stake of some 25 per cent of the shares. Last January, Anglo acquired 22.3 per cent of Rand.

In the same month, Brink bought 25.7 per cent of Rand in a primarily paper deal with nearly 60 per cent of the shares coming from Temple Investment. Mr Ferguson's Guernsey-based investment company. In April, B & H bought 23.2 per cent of Brink and Mr Helsby joined the Brink board.

B & H made its move in October, offering its share for the entire share capital of Anglo, on the condition that Anglo should first pick up Brink's stake in Rand and thus hold 51 per cent of Rand. All these deals have since been approved. The transaction, which valued Anglo at £29m, turned Mr Ferguson's stake in the unlisted Anglo into more than £5m worth of B & H's highly marketable shares; his 50 per cent stake in Brink providing another £5m worth of B & H shares.

Mr Helsby states that Mr Ferguson has "gone his own way" since leaving the B & H board in early 1980 and has no say in the running of the company. Mr Helsby's eyes fairly light up when Rand is mentioned. In

addition to some 640m tonnes of coal reserves, the group deep-mines high quality coking coal and anthracite for the domestic South African market and for export. The group expects to win higher export allocations this year and increased production expected in the next few years should fuel this growth. The group also has andalusite deposit and some gold and diamond interests.

Mr Helsby claimed he was looking forward to total group coal production of 6m tonnes within three years and perhaps 8m tonnes in five years. His recent UK acquisition, Rexco, brings coal-refining expertise to the group, which he said might be applied to the low-quality coal expected from the Philippines project.

Anglo and Rand had already begun working on a bulk handling facilities in Ghent which when completed next year will be able to load 1,000 tonnes an hour from medium-sized bulk cargo vessels.

"Small potatoes, really," said Mr Helsby when describing these international link-ups. "The majors are so much bigger and have access to much more resources than us." But in addition to nearly 1bn tonnes of coal reserves, B & H will have an integrated coal business that mines it, buys it, moves it and sells it under one name. Such a tempting morsel might catch the eye of an oil major in the

future. "If we get the right offer, then it might happen. I haven't had one approach yet."

Meanwhile, coal is only part of the B & H rocket. The company claims to be the largest distributor of middle distillates in the UK, and works under contract with Total, Phillips and Gulf. It also retails petrol at franchised petrol stations under the brand name of UK in Lincolnshire. On the property side, Mr Helsby discovered California a few years ago and has sunk several million dollars into a few Los Angeles deals in partnership with a local developer.

The pace at the small Victorian headquarters in the centre of Sheffield of B & H is understandably frantic. Mr Helsby claims to need little sleep and is known to greet his staff with the question: "Have we bought anything this morning?"

As to his own stake in the company, he sold nearly 16,000 shares last year in readiness for a new share option scheme. "It just so happens," he said cheerfully, that the middle-market price for the scheme was determined in the week after Black Monday. As a result of this happy timing, some 40 executives are now eligible for share purchases during the life of the scheme at a price of 75p. B & H shares now stand at 92p. It seems only fair that the architect of this company should share in its wealth.

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WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of New York stock market data including Dow Jones, Standard and Poors, and various stock indices.

Table of stock prices for various companies, including Alcoa, Amstar, and others.

Table of stock prices for various companies, including Amstar, Amstar, and others.

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Early Wall St. fall of 9.8

THE COMBINATION of a rise in the weekly U.S. money supply figures and bearish projections on interest rates from Salomon Brothers economist Henry Kaufman sent Wall Street sharply lower yesterday morning in active dealings.

on news that James River is to buy some of its operations for \$420m. James River was off 1/2 at \$194.

to continue to surge. However, the stock ended 9.8 down yesterday at Y28. A broker added that the amount involved (in the dumping dispute) wasn't that big, but the news threw cold water on the market.

Canada Most sectors showed a downward bias in moderate early trading. The Toronto Composite Index declined 19.2 to 1,837.1 and Gas 45.8 to 3,667.9.

Tokyo The market was inclined to gain fresh ground initially, but subsequently declined to the market close on a day following a moderate business.

Germany The previous day's buying enthusiasm waned and stocks mostly retreated, with dealers reporting some squaring of positions which were built up by professional traders on Monday.

Table of stock prices for various companies, including Amstar, Amstar, and others.

Table of stock prices for various companies, including Amstar, Amstar, and others.

Table of stock prices for various companies, including Amstar, Amstar, and others.

Financial Times 500 Index: 1,837.1 (down 19.2)

Speculators fuel cocoa market upturn

THE UPTURN in world cocoa prices prompted by the recent coup in Ghana accelerated yesterday with the May position on the London futures market rising £32.50 to £1,207 a tonne.

Tara mine move boosts lead/zinc

BOTH lead and zinc gained ground in London trading yesterday as markets reacted to the decision by Tara Mines to put the Navan lead-zinc mine in the Irish Republic in a care-and-maintenance basis indefinitely.

Exchange questions tin company

KUALA LUMPUR—The Kuala Lumpur Stock Exchange (KLSE) has asked the listed tin mining group Malaysia Mining Corporation (MMC) to comment immediately on a local press article referring to MMC's alleged links with a recently established private company called Mamincio.

COMMODITIES AND AGRICULTURE

Rise in farmland prices

ENGLISH FARM land prices turned higher towards the end of last year, according to figures published by the Ministry of Agriculture yesterday.

New tomato variety aids island's crop

PRODUCTION OF tomatoes in Guernsey this year is not expected to drop drastically even though the area of glasshouses used for the crop is being reduced from the 1981 figure of 420 acres to 330 acres.

U.S. GRAIN SALES

WHILE FEARS are intensifying here of a de facto U.S. embargo on grain sales to the Soviet Union, Mr John Block, Secretary of Agriculture, is still pitching more grain to the Russians.

EEC farm policy changes urged

SHOULD BRITAIN leave the EEC, a Minister of Agriculture would have to ask the Treasury for £2,000m a year to maintain prices and production as they are in Britain today.

BRITISH COMMODITY MARKETS

Table with multiple columns for various commodities like Tin, Copper, Lead, Zinc, Nickel, Silver, Gold, and Wheat, showing prices and market movements.

NEW ZEALAND CROSS-BREDS

Table showing prices for New Zealand cross-bred sheep and cattle, including categories like Ewes, Steers, and Heifers.

GAS OIL FUTURES

Table showing prices for gas oil futures, including categories like Heating Oil, Diesel, and Kerosene.

GRAINS

Table showing prices for various grains such as Wheat, Barley, and Oats, including different grades and origins.

AMERICAN MARKETS

Table showing prices for American commodities including Soyabean Meal, Sugar, Cotton, and Potatoes.

Advertisement for 'A NEW RANGE OF COMMODITY SERVICES ON THE REUTERS MONITOR' with contact information for John Roberts in London.

Table showing prices for COFFEE, RUBBER, and WOOL FUTURES, including various grades and origins.

Table showing prices for EUROPEAN MARKETS, including various commodities like Wheat, Soyabean Meal, and Sugar.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Abbey Unit Tr. Mgrs. (2), Abbey Unit Tr. Mgrs. (3), etc., with columns for name, address, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Main table listing numerous unit trusts including Abbey Unit Tr. Mgrs. Ltd., Abbey Unit Tr. Mgrs. (2) Ltd., Abbey Unit Tr. Mgrs. (3) Ltd., etc., with columns for name, address, and contact information.

Table listing various insurance and financial services including Abbey Unit Tr. Mgrs. Ltd., Abbey Unit Tr. Mgrs. (2) Ltd., Abbey Unit Tr. Mgrs. (3) Ltd., etc., with columns for name, address, and contact information.

NOTES: Information regarding the unit trusts, including details on how to obtain further information and the role of the Financial Times.

INSURANCE PROPERTY BONDS

Table listing insurance and property bond services, including details on various policies and providers.

Additional notes and contact information for the insurance and property bond services listed in the table.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

IDC Design Construction & Engineering Service

BRITISH FUNDS
Shorts (Lives up to Five Years)

BRITISH FUNDS
Five to Fifteen Years

BRITISH FUNDS
Over Fifteen Years

BRITISH FUNDS
Undated

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COMMONWEALTH AND AFRICAN LOANS

LOANS
Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

HIRE PURCHASE, ETC.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS PLASTICS

DRAPERY AND STORES

ELECTRICALS—Continued

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)

FOOD, GROCERIES—Cont.

FOOD, GROCERIES—Cont.

FOOD, GROCERIES—Cont.

FOOD, GROCERIES—Cont.

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FOOD, GROCERIES—Cont.
Table listing various food and grocery items with their respective prices and market movements.

دكان من النول

DAIWA SECURITIES logo and header information.

MINES—Continued

Table of mining stocks including Anglo-American, Anglo-Platinum, Anglo-Tungsten, etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks including Tata, ICI, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

OIL AND GAS—Continued

Table of oil and gas stocks including Shell, BP, Esso, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Guthrie & Co., etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including Fidelity, Vanguard, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Guthrie & Co., etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

PROPERTY—Continued

Table of property stocks including British Land, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Guthrie & Co., etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

INSURANCE—Continued

Table of insurance stocks including Prudential, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Guthrie & Co., etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

INDUSTRIALS—Continued

Table of industrial stocks including ICI, Shell, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Guthrie & Co., etc.

TEAS

Table of tea stocks including Indian Tea, Ceylon Tea, etc.

MINES

Table of various mining stocks including Anglo-American, Anglo-Platinum, etc.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

INSURANCE

Table of insurance stocks including Prudential, etc.

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FINANCIAL TIMES

Wednesday January 6 1982

Skelmersdale For full details on land, building and grants available, phone: Skelmersdale (0695) 32123.

Money supply rises 0.25%

BY DAVID MARSH

THE GOVERNMENT was attempting to draw comfort last night from the announcement that sterling M3, the broad measure of the money supply, last month grew by only 0.25 per cent, the smallest rise for more than a year.

Although the UK money supply figures were better than expected, the London gilt-edged market finished lower. Long-dated stocks were down 1/2, although they recovered from earlier losses of 1/2.

of tax delayed by the civil servants' strike, are putting strains on short-term liquidity in the London money markets. The rise of 0.25 per cent in sterling M3 last month—seasonally adjusted, for the three-week banking month to December 9—was given yesterday as a provisional figure by the Bank of England. The final figure will be published next week.

borrowing is thought to have totalled more than £1bn last month, down from £2.58bn in November but still higher than the Government would like.

Greece 'not bound' by EEC declaration

By Victor Walker in Athens

THE GREEK GOVERNMENT announced last night that it would not be bound by a European Community declaration which condemned the military takeover in Poland and the Soviet Union for backing Warsaw, and which warned of possible economic sanctions.

THE LEX COLUMN The new improved money figures

Index fell 4.2 to 518.1

Having been over-optimistic about the money figures for banking November, the gilt-edged market was unnecessarily gloomy about the prospects for the short (only three weeks) and often unrepresentative December banking month. The rise in sterling M3 turns out to have been a perfectly acceptable 1/2 per cent, while the clearing banks' advances were unchanged on a seasonally adjusted basis.

upward twist in U.S. interest rates is a more powerful influence than better behaved British money figures and a firm pound, and yields on medium-dated stocks are back to a wary 16 1/2 per cent.

than it was prepared to bid for Tunnel last year. Ward now looks to be directing its efforts towards obtaining the best possible price for its shareholders.

McDonnell Douglas calls DC-10 meeting

By Paul Betts in New York

MCDONNELL DOUGLAS, the U.S. aerospace company, is to meet the 45 users of its DC-10 wide-bodied commercial aircraft next week to discuss possible changes aimed at improving the aircraft's wing-staple system.

Arabs seek action against U.S.

BY OUR FOREIGN STAFF

ARAB PRESSURE for direct action against the U.S. mounted yesterday as it became clear that Washington would veto a United Nations Security Council resolution calling for sanctions against Israel over its annexation of the Golan Heights.

look closely at Israel's long record of aggression. In Lebanon more extreme newspaper editorials described a possible U.S. veto as "the bullet" which kills Washington's relations with them.

U.S. diplomats in Tel Aviv said that despite the Reagan Administration's anger at the Israeli action, it was wary of putting too much pressure on Mr Menachem Begin Israel's Prime Minister, in case he responded by halting the withdrawal from Sinai.

Weather

UK TODAY COLD EASTERLY air will bring snow showers, heavy and prolonged in the East. Rain in southern England and Wales will turn to snow ahead of brighter weather.

Unions to warn Labour on funds

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TRADE unions will today make it clear to the Labour party that the historic alliance between them — and the cash lifeline which the unions provide — depends on an immediate end to the battles between party factions.

Hents — said last night: "The tolerance a situation where we do not have an effective opposition or an alternative government available."

vidual members to their unions' political funds, from an average of 1p a week to as much as 5p — though such a rise would be over a long period. It is more likely to be doubled in the near future.

Alliance to resume bargaining

BY PETER RIDDELL, POLITICAL EDITOR

THE Social Democrats and the Liberals hope to resume negotiations later this week over the allocation of parliamentary seats between the parties following the suspension of talks last weekend. But some key local difficulties remain.

problems have been brought out into the open, it will be possible to inject more energy and goodwill into the talks. Both have too much at stake electorally to risk undermining the Alliance. But the episode has shown some of the frustrations and the differences of style and structure between the parties.

A number of serious difficulties remain. In particular, there appears to be agreement, at least nationally, that a ring fence should be drawn around Greenock where local Liberals are challenging Mr Dickson Mabon, the sitting SDP member.

'Wets' aim

from some ministers to drop the proposals for savings on unemployment and short-term supplementary benefits. This looks likely to be successful.

Mexican oil price Continued from Page 1

another producer of very heavy crude, announced price cuts on its various heavy grades ranging from 20 to 90 cents a barrel.

Widely-quoted industry statistics just published by the magazine Oil and Gas Journal show that as a result of the economic recession and conservation practices, world oil production last year fell by the greatest extent in the industry's history. World output fell 6 per cent or by 3.57m barrels a day to 55.9m b/d last year compared with 1980.

year. Four years ago, OPEC was producing over 31m b/d. William Chislett writes from Mexico City: Mexico is exporting about 1.3m b/d and is forecast on present performance to earn about \$17bn (£8.9bn) from oil exports this year.

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Treasury forecasts are already being prepared and they are unlikely to differ significantly from those published just over a month ago. A complicating factor is that there is likely to be considerable uncertainty about the pay outlook, especially in the public sector, until after the Budget.

But there are unlikely to be any of the major headaches of last year when projections of borrowing were revised upwards by several billion pounds in the run-up to the Budget.

Industry analysts said yesterday that with little growth in demand expected during the coming 12 months, further price cutting might occur, particularly by producers of crudes at the lighter and heavier extremes.

Oil prices are a highly nationalistic issue. The last price reduction, in June, provoked a furious political storm and Sr Jorge Diaz Serrano, director of Pemex, was forced to resign. He reduced the price of isthmus oil by \$4 a barrel. When Pemex was quoted an unsuccessful action to push the price \$2 a barrel higher, oil companies reduced their purchases.